

# FINANCIAL TIMES

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## WORLD NEWS

### Scargill says £1.4m cash gift 'intact'

National Union of Mineworkers' president Arthur Scargill said that £1.4m donated by miners in the Soviet Union and east European countries during the 1984-85 miners' strike was still intact in bank accounts in Dublin and Vienna.

Soviet trade union leader Yuri Buzhenko has called for the return of between £3.8m and £10m which he said was collected to help their British miners during the strike. But Mr Scargill insisted he only had knowledge of a £1m (£560,000) donation from Soviet miners. Page 22; Secret funds, Page 6

### Regent St bomb find

An explosive device was found outside the El Al Airline building in London's Regent Street last night, Scotland Yard said. The device was made safe.

The IRA denied it planted a device that exploded in a litter bin in the Strand, central London, or two dummy bombs left at Bank and Blackfriars Tube stations. Page 4

Yeltsin supports change  
President of the Russian parliament Boris Yeltsin threw his political weight behind the campaign for a total overhaul of the Soviet Communist Party, including a change of its name. Page 22

4,500 Albanian refugees  
Diplomats in the Albanian capital Thirana said more than 4,500 people had taken refuge in embassy compounds, with conditions in the West German embassy, which has 2,500 refugees, described as "cramped." Page 2

Border to open  
North Korea announced it would open its border next month in an attempt to encourage reunification with the South. Officials there described the move as a propaganda ploy which ignored the subject of broader contacts between the two countries. Page 3

Polish cabinet reshuffle  
Poland's Prime Minister Tadeusz Mazowiecki replaced five ministers, including those in the key posts of defence and the interior, and warned parliament that the country faced "dangers on its peaceful path to democracy." The reshuffle has to be approved by parliament. Page 2

Prisons action  
Members of the Prison Officers' Association began industrial action by refusing to accept new inmates until Monday. The move is the latest in a dispute with the Home Office over staffing. Page 5

£2m drugs haul  
Eight men were questioned by customs officers following the seizure of cannabis resin worth £2m. The drugs were being brought ashore from a yacht in the Salcombe river estuary, south Devon.

Landl loses  
Ivan Landl was knocked out of the Wimbledon men's title race 6-1, 7-6, 6-3 by Stefan Edberg, who will play Boris Becker in the final for the third consecutive year.

Brighton beached  
Brighton is losing its popularity as a venue for weekend breaks to places like Bath, Bourneham and Birmingham, figures from weekend break specialist Goldenall show. But London is still the most common destination for those who want a short holiday.

## BUSINESS SUMMARY

### BA places £3.8bn order for aircraft

BRITISH AIRWAYS has placed a £3.8bn order for aircraft and engines with Boeing, US airframe manufacturer, and Rolls-Royce, UK aero-engine company. It is the largest single order BA has made. Page 22

EUROGAS: Sir Leon Brittan, EC competition commissioner, is to investigate the acquisition by the West German gas company of a 35 per cent stake in the East German gas transmission network. It is the Commission's first formal action in East Germany. Page 22

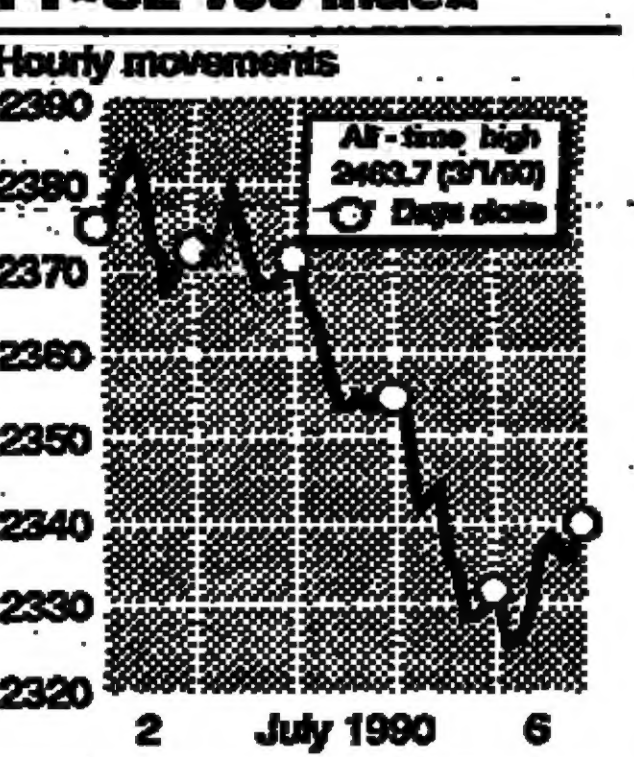
ASSOCIATED British Foods, milling and baking group, has told the Office of Fair Trading it is considering an offer for British Sugar and the other main food operations of Borden International. Page 23 and Lex

GLOBE: The £1.1bn battle for control of the UK's biggest investment trust ended when the British Coal Pension Funds bought enough shares to take it through the 50 per cent level. Page 22 and Lex

DUNSDALE Securities: Provisional liquidators seeking to recover £17m of clients' money from the collapsed firm say their attempts to trace assets abroad are being hampered by lack of co-operation from some Swiss banks. Page 4

EQUITIES: The FT-SE 100 index rose 8.6 to close at 2,340.0, helped by a strong premium on the FT-SE futures

### FT-SE 100 Index



contract and a good opening performance from Wall Street. The index has fallen by 34.6 points since last week. London stocks, Page 18; Lex, Page 22

EMAP, UK publishing and exhibitions group, has made its first European acquisition with the purchase of the French hunting and countryside magazine Le Chasseur Français in a deal worth £17.2m. Page 8

ROVER GROUP is to shed 1,100 jobs at its Cowley, Oxfordshire, car plants. Page 4

A.C. GOODE, wholly-owned stockbroking subsidiary of National Australia Bank, closed yesterday after the bank failed to find a buyer for the firm. Page 10

ROCKWOOD Holdings' bankers have appointed administrative receivers at the troubled USM freight and distribution company after attempts to reduce the group's borrowings failed. Page 6

BfG, sixth largest bank in West Germany, plans to cut more than a third of its workforce of 7,340 as part of a strategic review. Page 10

COURTNEY Pope (Holdings), UK shop-fitting, engineering and electrical group, warned that it made a pre-tax loss of about £2m last year. Its shares fell 22p to 69p. Page 8

FULLER, Smith & Turner, London brewer, boosted annual pre-tax profits by 15 per cent to £25m. Page 8

## MARKETS

| STERLING                               | DOLLAR                            | STOCK INDICES                                     |
|--|-----------------------------------|---|
| New York lunchtime: \$1.7875           | New York lunchtime: DM1.8547      | FT-SE 100: 2,340.0 (+8.6)                         |
| London: \$1.7865 (1.7805)              | FF5.5525                          | FT Ordinary: 1,865.0 (+6.8)                       |
| DM2.935 (2.935)                        | FF1.4010                          | FT-A All-Share: 1,154.10 (+0.3%)                  |
| FF2.5525 (2.48)                        | Y151.15                           | New York lunchtime: DJ Ind. Av. 2,898.75 (+19.55) |
| Y269.75 (268.5)                        | DM1.8540 (1.849)                  | S&P Comp 357.74 (+2.06)                           |
| £ Index 93.1 (92.7)                    | FF5.5525 (5.535)                  | Tokyo Nikkei 32,445.12 (+93.45)                   |
| GOLD                                   | FF1.4015 (1.398)                  |   |
| New York: Comex Aug \$363.5            | Y150.95 (150.75)                  |   |
| London: \$361.25 (360.0)               | US LUNCHTIME                      |   |
| N SEA OIL (Argus)                      | Fed Funds 5.5%                    |   |
| Brent 15-day \$15.95 (15.75)           | 3-mo Treasury Bill: yield: 7.981% |   |
|  | Long Bond: yield: 8.491%          |   |
| Chief price changes yesterday: Page 22 |                                   |   |

## Nato offers joint peace declaration to Warsaw pact

By Robert Mauthner, Philip Stephens and Mark Nicholson in London and Peter Riddell in Washington

WESTERN leaders yesterday offered to forge a new relationship with the Soviet Union and eastern Europe, formally ending decades of east-west hostility and tension.

Heads of state and government of the 16-nation North Atlantic Treaty Organisation proposed signing a joint declaration with their former Warsaw Pact adversaries and to build a new European security framework based on a new era of friendship and co-operation.

A communiqué adopted at the end of a two-day conference of Nato leaders in London invited Mr Mikhail Gorbachev, the Soviet President, and other east European leaders to a future Nato meeting. This was immediately welcomed by the Soviet Union. Mr Gorbachev said the declaration was "a significant step in the right direction."

Mr Gennadi Gerasimov, the Soviet Foreign Ministry spokesman, said it would strengthen Mr Gorbachev in his debate with conservative political and military critics, who blame his policies for leading to the collapse of communism and Soviet influence in eastern Europe.

"Now we can say we will have co-operation with Nato and not confrontation," Mr Gerasimov said.

President George Bush yesterday described the London Declaration as heralding a significant transformation of the North Atlantic Alliance. "We view it as a historic turning point," he told a news conference. "Nato has set a new path for itself."

The administration wants to follow up on yesterday's Nato declaration with a positive statement of support for economic reform in the Soviet Union, in spite of differences of view about direct lending, opposed at present not only by the US but by Japan, Canada and Britain.

President Bush will urge other western leaders at the Houston economic summit next week to support a package of technical assistance and co-operation for the Soviet Union stopping well short of

direct economic aid. He plans to make contact with President Gorbachev after the end of the Houston meeting to brief him on the London and Houston meetings.

It was also announced that Mr Manfred Wörner, the Nato Secretary-General, had been invited to visit Moscow on July 14 — the first ever visit by the chief official of the western alliance.

Mr Wörner, who will formally convey Nato's message of goodwill contained in the London Declaration, will precede by one day Mr Helmut Kohl, the West German Chancellor, due to have talks in the Soviet capital with Mr Gorbachev on German unification and economic aid.

One of the main aims of the London Declaration is to convince the Soviet Union that the western alliance's attitudes and policies have been transformed sufficiently for Moscow to contemplate the a united Germany's membership of Nato with equanimity.

In an unexpected move, the Nato leaders included a sentence in their declaration that a commitment would be given by Germany at the time of the signature of the conventional forces treaty currently being negotiated in Vienna concerning the troop levels of a united Germany. "This was an indispensable condition for German unification," Mr Kohl said.

The Chancellor was clearly referring to Soviet demands that a ceiling should be set to the future armed forces of a united Germany before unification took place.

Nato leaders also undertook to reformulate their policy of flexible response; create a new institutional framework for the Conference on Security and Co-operation in Europe (CSCE); withdraw nuclear artillery shells from Europe; open negotiations on short-range nuclear forces (SNF) when an agreement on conventional troops is signed; and modify Nato's "forward defence" policy.

Analysis and Comment, Page 2; Editorial Comment, Page 6; Houston Summit, Page 7

## Argentina's Menem prays for salvation by the Hand of God

By Gary Mead in Buenos Aires

PRESIDENT Carlos Menem might reflect on Bill Sharkey's well-worn maxim about football this weekend as Argentina face their third World Cup final.

"Some people say that football is a matter of life and death. It isn't. It's much more important than that."

The late manager of Liverpool must have been thinking of Argentina, where football flows through the veins of 22 million citizens, and prayers to the Holy Virgin are said in honour of the demi-god Diego Maradona.

Just before the start of the current World Cup series, President Menem appointed Maradona "ambassador" — a curious status for a citizen who lives and plays outside the country, in Naples.

It turned out to be one of Mr Menem's most popular acts. By a curious twist of fate, tomorrow's final falls precisely one year after Mr Menem's presidential inauguration.

President Menem has seemed to live under a jinx

during his first year in office. He quickly lost two of his closest government colleagues: Mr Miguel Roig, Economy Minister, died after just one week in office; Mr Ruben Cardozo, Minister of Health, died soon after in a mysterious plane crash.

Superstitious Argentines dislike pronouncing "Menem"; the palladium seems to be unlucky. Mr Menem's marriage is in tatters, as is his Peronist party. The only game Menem was able to attend in Italy was that in which 500-1 outsiders Cameroon beat Argentina 1-0.

In today's Buenos Aires it is all too easy to believe, along with the rest of the football-obsessed nation, that Argentina's performance on Sunday will spell out the fate of the Menem presidency.

That is not so absurd as it appears. Argentina has twice before reached the World Cup finals, in 1978 and 1986. In 1978, when it hosted the tournament, Argentina was living through its blackest days, under a ruthless military dictatorship combatting an equally

murderous terrorist campaign. Argentina's ultimate victory in that championship provided a useful distraction.

In the 1986 Mexico matches, when Argentina once more won the Cup, the nation was provided with a wonderful displacement activity in which to forget its rumbling subterranean economic troubles.

The fiesta enabled a society still shocked by its defeat in the Falklands war with Britain to largely recover a badly dented national pride. President Raul Alfonsín basked in the reflected glory for two more years.

President Menem has scraped through one year of office, staying off two bursts of hyper-inflation, and bobbing wearily on the surface of the most serious recession since 1945. If ambassador Maradona and his team return triumphant on Monday July 7, their joy could buy Mr Menem six months' breathing space. No-one cares to contemplate the alternative.

Weekend FT, Page xviii

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## Major warns of strains on EC

By Ralph Atkins in Llandudno

MR JOHN Major, the Chancellor, gave a barbed warning yesterday about the "intolerable" strain on the European Community entailed by too swift a move towards economic and monetary union as set out in the Delors report.

His fears about the darker side of Delors — which were accompanied by a gloomy prediction about Britain's inflation rate — came as a scarcely concealed attack on the country's European partners, including France and West Germany.

Mr Major warned that stage three of the Delors plan, under which the EC would have a single currency and a single monetary policy, would not unite but divide the Community.

Speaking to the Welsh Confederation of British Industry, Mr Major sought to exploit what he sees as growing disenchantment among some European politicians about the Delors report — and to prevent the report being adopted by default.

However, his scepticism was contrasted by an enthusiastic reiteration of his plans for a hard Ecu as a European common currency. He told his audience of businessmen of the potential for reducing transaction costs and exchange risks.

In spite of Mrs Margaret Thatcher's opposition to an eventual move to a single currency Mr Major said his plan was consistent with "very brisk progress indeed" if governments and people so chose.

His speech to the Welsh CBI deliberately set out the flipside of his proposals two weeks ago for a hard Ecu; the consequences of following the path set out by Delors. He emphasised that stage three would mean a single interest rate throughout the EC, in contrast to the huge range at present. Much greater convergence of economic and inflation performance were needed first.

He said that until now Continued on Page 22

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**Helping the hard-pressed President Mikhail Gorbachev survive the conservative onslaught was what the London meeting was all about**

**By Robert Mauthner, Diplomatic Correspondent**

Minister, had no difficulty in pointing out by quoting the communal code, "there are no circumstances in which nuclear retaliation is necessary. Military action might be discounted."

Flexible response therefore lives even if it might appear marginally less aggressive to the gentlemen in Moscow.

If the London Declaration goes down in history as a milestone in east-west relations, it will be due more to the presentational skill that has gone in setting out the modification in Nato's attitudes rather than to fundamental changes in doctrine or policies.

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**By Judy Dempsey in London and Kerin Hope in Athens**

**relations with the Soviet Union, the US and Britain.**

**By Leyla Boulton in Moscow**

The party gathering at the Palace of Congresses, a glass and concrete monstrosity erected by Krushchev within the Kremlin wall, has attracted more than 600 foreign journalists and a string of celebrities.

**By Christopher Bobinski in Warsaw**

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## INTERNATIONAL NEWS

## SA whites blamed for bus station bombing

THE African National Congress (ANC) yesterday accused white extremists of planting a bomb which injured 27 blacks at a crowded bus and taxi terminal in Johannesburg. It was the sixth explosion in the city in a week, most of them aimed at blacks or liberal whites, said a spokesman for the ANC.

White pro-apartheid extremists have claimed responsibility for the five previous bombings, against liberal Johannesburg councillors, a synagogue and the radical Afrikaans weekly newspaper, *Vrye Weekblad*.

Claims of responsibility from a group calling itself the White Wolves have raised fears of an upsurge of right-wing violence in protest at reforms by the ruling National Party.

Yesterday ANC secretary-general, Mr. Andrew Mlangeni, accused white extremists of planting the bomb to disrupt talks on a post-apartheid constitution due to begin soon.

## Tough Kashmir line

The Kashmir valley has been declared a "disturbed area" by Mr. Girish Saxena, state governor, presaging a harsh line against Muslim secessionists, writes K.K. Sharma in Delhi.

The move empowers junior police officers to shoot people committing acts of arson and violence without reference to senior officials.

## US seeks Israel talks

Mr. James Baker, the US Secretary of State, is seeking talks with Israel's new foreign minister, Mr. David Levy, in an effort to stop the deterioration in US-Israeli relations, Reuter reports from Jerusalem.

Mr. Levy's aides favour a meeting but say the time and place depend on his recovery from a mild heart attack.

## East Germans strike

More than 120,000 East German workers staged wildcat strikes yesterday over fears of unemployment in a new market economy, Reuter reports from East Berlin.

West Germany's IG Metall union said the latest walkouts involved metal and electrical workers in the Berlin region demanding a resumption of talks with managers of industries being privatised.

## Bulgarian protests

The Bulgarian President, Mr. Petar Mladenov, yesterday offered to resign after his own party newspaper sided with students demanding his departure, Reuter reports from Sofia.

Student leaders threatened a general strike from Monday. They accuse him of having wanted to suppress the pro-democracy movement last December.

## Whaling ban stays

Attempts by Japan, Norway and Iceland to overturn a worldwide moratorium on commercial whaling were defeated at the annual meeting of the International Whaling Commission which ended yesterday, writes Ronald van de Krol in Amsterdam.

## Doe plea rejected

The US has rejected a plea by besieged Liberian President Samuel Doe to ferry him from Monrovia to his home region in the interior, where he has 3,000 loyal troops from his Krahn tribe, AP reports.

## US blast kills 14

An explosion and fire at an Atlantic Richfield (Arco) chemical plant in Channelview, Texas, killed at least 14, Alan Friedman reports from New York. The plant, which makes propylene oxide, a chemical used to make foam for seat cushions and bedding, has been shut down.

## Brussels challenges W German drugs curbs

By Tim Dickson in Brussels

RESTRICTIONS imposed by West Germany on pharmaceutical imports from other member states have been challenged by Brussels.

The European Commission announced yesterday that it had begun a legal action before the European Court of Justice because of what it considers to be barriers to free trade.

At issue is a German law on proprietary medicines which allows visiting foreigners to import only what they need for their immediate use.

West Germany has a blanket ban on postal imports of pharmaceuticals for personal use. Following a Court ruling in March last year, Bonn said it would amend its legislation and authorise postal imports, but only in the case of products available without prescription and identical to those

## US interest rates likely to hold as jobs rise slowly

By Peter Riddell, US Editor, in Washington

THE growth of employment in the US was patchy again last month, though the financial markets believed the figures were not weak enough to prompt an early cut in interest rates.

The Labour Department yesterday reported job growth at a very slow pace, with employment declining in manufacturing and construction and increases largely confined to services. Unemployment slipped slightly, though still within the range of the past two years.

Yesterday's figures confirm the pattern painted by other recent statistics of at most very sluggish growth in the US economy, but no definite evidence of a recession.

Market analysts believe the Federal Reserve will therefore remain cautious. The Fed's policy-making Open Market Committee met this week and there were unconfirmed reports yesterday that it did not back an immediate easing of monetary policy. It had, however, agreed policy guidelines permitting a shift if later economic indicators are weak. A guide to the Fed's thinking will come on

July 18 when Mr. Alan Greenspan, its chairman, presents his half-yearly economic report to Congress.

The Bush administration has stepped up its public calls for an early cut in interest rates both because of concern that economic growth is much slower than hoped and because it believes the Fed is too worried about inflationary pressures.

The US unemployment rate dropped to 5.2 per cent last month from 5.3 per cent in May, while non-farm employment rose by just 40,000 to 110.78m. This follows a revised increase of 355,000 in May, more than twice the 164,000 gain initially reported.

Both the revision and the big change between May and June reflect the impact of the hiring and laying-off of workers for the US census. This boosted employment by 200,000 in May and cut the reported figure by 55,000 last month.

A slowdown in the overall growth of the labour force explains the steadiness in the overall unemployment rate despite slow growth in employment.

## HK prosecutions chief jailed for corruption

By John Elliott in Hong Kong

THE FORMER head of Hong Kong's commercial crimes unit, New Zealander Warwick Reid, was yesterday jailed for eight years and told to pay HK\$12.4m to the government.

Mr. Reid admitted corruption after being found in control of assets worth HK\$16.16m (£900,000) while he was able to explain the source of only HK\$3.74m.

Mr. Reid has turned Queen's evidence and is passing information to corruption investigators. This is expected to lead to further prosecutions, some

linked to charges against Mr. Ronald Li, former Hong Kong stock exchange chairman.

This suggests that Mr. Reid, who absconded to the Philippines last Christmas while on bail, could lift the lid on suspected corruption involving leading companies and banks in the colony.

Mr. Reid's lawyer said yesterday his client had implicated 13 other people and would be testifying against those involved in extortion, drug trafficking and fraud. Members of secret Triad gangs and former policemen who had fled the colony would be involved.

Already four men, including three lawyers, have been charged with bribery involving HK\$3m offered to Mr. Reid.

Hong Kong's Independent Commission Against Corruption has said that two of the lawyers faced charges of having offered Mr. Reid a share of an estimated HK\$15m-20m legal fees in return for his "giving assistance" to them in relation to criminal proceedings against Mr. Ronald Li.

Mr. Reid, 42, was the colony's

acting director of public prosecutions for a few weeks last autumn. His conviction has embarrassed not only the colony's legal department, but the New Zealand government which had considered putting him in charge of an anti-fraud office.

In passing sentence, Sir Ti Liang Yang, the chief justice, said that Mr. Reid's case "must rank as one of the worst cases of this type of offence, taking into consideration the defendant's senior position and the amount of assets involved".

## Ford to build plant in Hungary

By Nicholas Denton in Budapest

THE Hungarian government yesterday cleared the way for a \$60m-70m (£34m-£39m) investment by Ford in a car components plant in Hungary.

Mr. Laszlo Balazs, the government spokesman, said the venture would be granted a 10-year tax holiday. The concession has been made subject to the condition that profits are re-invested.

Production of electrical components, all for export, is to begin in 1993. But Ford will be allowed to ship cars to Hungary as soon as its Hungarian subsidiary is registered.

For the first two years Ford will be able to sell 5,000 cars. In 1989 Hungary imported about 200,000 cars in total; domestic vehicle production is exclusively of buses and lorries.

The authorities require of Ford that the company's exports from Hungary balance its imports by 1998.

The new factory, employing 200 people, will be built on the Szekesfehervar (western Hungary) premises of Videoton, the largest Hungarian electronics company, but the facility will be wholly owned by Ford.

Ford's move follows the establishment of joint ventures by both Suzuki and General Motors.

## North Korea says it will open border with South

By John Ridding in Seoul

NORTH KOREA is to open its border with South Korea next month in an attempt to encourage reunification.

Pyeongyang also called on South Korea to open its side of the tense and highly-militarised border to visitors from North Korea.

The surprise announcement drew a cool and sceptical response from South Korean officials. They described it as a propaganda ploy and expressed disappointment that the proposal concerned only reunification and not broader contacts between the two countries.

Pyeongyang's Committee for the Peaceful Reunification of the Fatherland said in a broad-

cast on KCNA, the official North Korean news agency, monitored in Tokyo, that "for a successful progress of contacts and visits between the North and the South, we will open the portion [of the border] of our side at Panmunjom from August 15 1990, and hope that the South side, too, will take a corresponding measure."

The statement added that contact and travel must be allowed equally, without discrimination, to the political parties, organisations and people of all walks of life with differing ideas, ideologies and political views.

Analysts were surprised by the announcement, which they described as a major propaganda initiative. They said that North Korea was under increasing pressure to demonstrate flexibility in its contacts with South Korea because of its acute diplomatic isolation. However, they expressed doubts about the border proposal.

The South Korean government insists that it must be the sole channel for any contacts with the communist North, with which South Korea is still technically at war. South Korea's National Security Law severely punishes any unauthorised contacts.

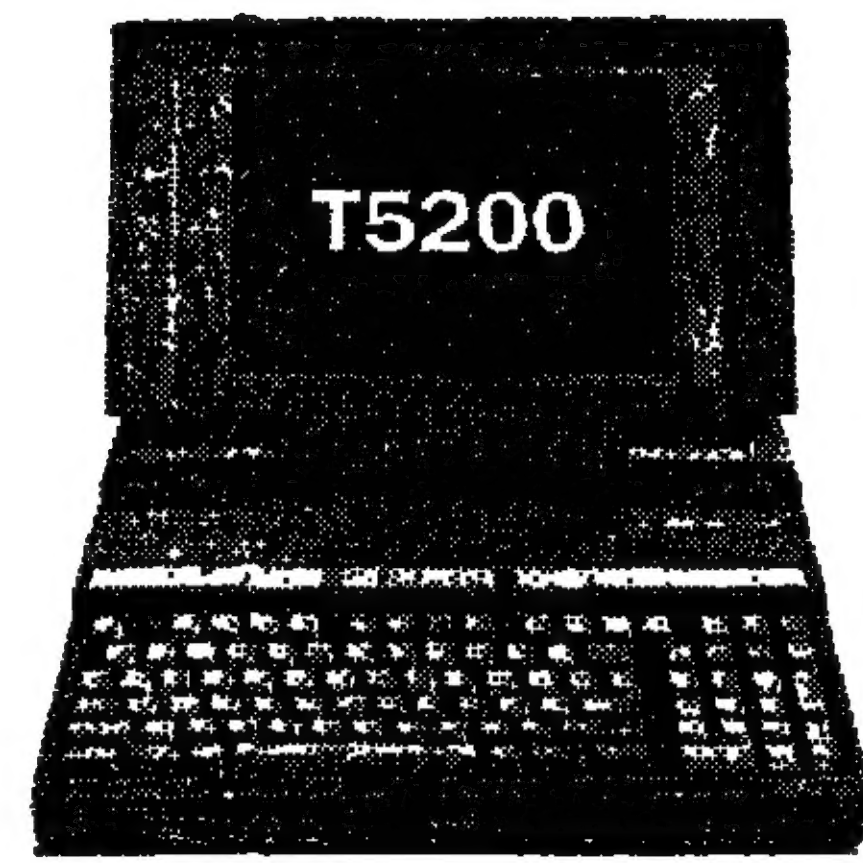
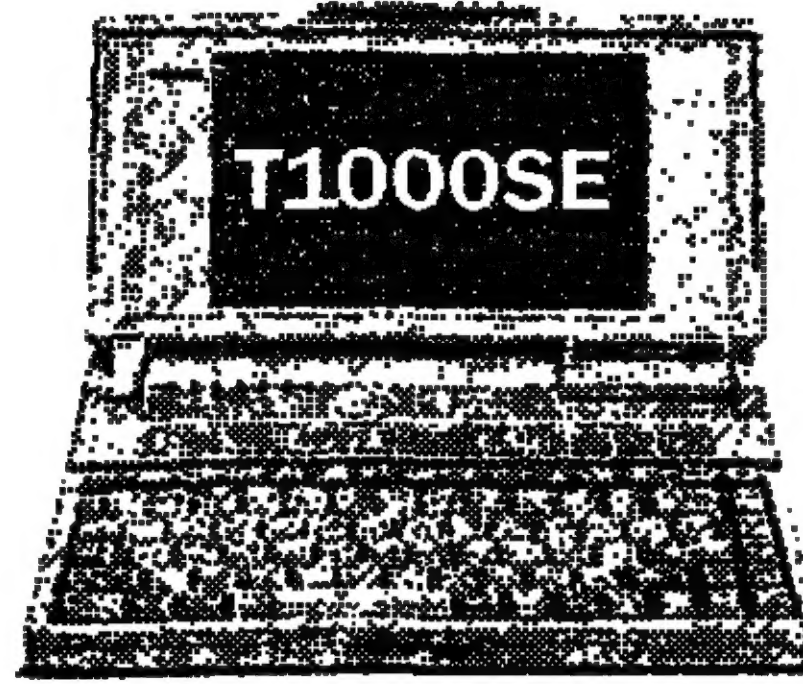
An official at South Korea's Reunification Ministry said

people wanting to visit North Korea had to have government approval. Most of those who had applied to visit North Korea had been rejected by Pyongyang but South Korea would not let individuals visit to discuss political matters.

Last year, the South Korean government mobilised a huge police force to block access to Panmunjom, which straddles the border 30 miles from Seoul, after the North invited students from the South to discuss Korean unity there.

Earlier yesterday delegates from North and South Korea met to draw up an agreement on the meeting of their prime ministers.

# When asked to vote for the best portable PCs in the world, most people had the answer right in front of them.



Toshiba sell more portable computers than anybody else. So when PC User Magazine asked their readers to vote for the best computers, not surprisingly Toshiba won two of the highest awards.

Weighing in at just under 6lbs the T1000SE was voted Best Featherweight Laptop. It's no bigger than an A4 notebook, but can store a 240 page company report. The sculpted keyboard means your fingers won't slip and the high resolution screen means you don't need an eyeglass to read it.

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## UK NEWS

# National Power chooses Swedish-Swiss turbines

By David Thomas, Resources Editor

NATIONAL POWER, the largest electricity company heading for privatisation, yesterday chose Asea Brown Boveri, the Swedish-Swiss electrical engineering group, to supply the gas turbines for its new power station at Killingholme on Humberside.

The decision confirms that foreign equipment suppliers have so far been among the main beneficiaries of the liberalisation of the UK electricity market.

National Power yesterday awarded a contract worth £200m-£250m for equipping and building the 650MW gas-fired station at Killingholme to a joint venture between ABB and Northern Engineering Industries of the UK.

NEI will manufacture the

steam generator and other equipment for the station, helping to secure jobs at its plants in Newcastle upon Tyne and Derby. It will also manage the construction of the station.

However, the gas turbines, accounting for more than half of the value of the contract, will be made by ABB overseas.

NEI-ABB defeated John Brown Engineering of the UK to secure the contract. GEC Alsthon, the Franco-British power equipment group, had already been eliminated from the bidding process on price grounds.

National Power's Killingholme station, which is due for completion in July 1993, will use combined-cycle gas-fired technology. This type of technology causes little environ-

mental damage and is relatively cheap.

The Central Electricity Generating Board, National Power's state-owned predecessor, did not order stations using that technology, which meant that few UK manufacturers had any experience of it. The electricity supply industry now believes that most stations ordered in the 1990s will use such technology.

NEI linked with ABB in January to gain access to the new technology when bidding for orders. PowerGen, the other generator in England and Wales heading for privatisation, has already asked Siemens of West Germany to supply the equipment for its first combined-cycle gas plant, also at Killingholme.

## Exeter financial adviser held to be in default

By Eric Short

THE Investors Compensation Scheme, set up by the Securities and Investment Board, yesterday declared Denis Dale Greaves, the Exeter-based financial adviser, to be in default, thereby starting the procedures for compensating the 100 or so investors.

Denis Dale Greaves was a member of the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), authorised to transact life and pension business and arrange contracts, but not to handle client money.

Fimbra ordered the cessation of investment business in March 1990 and obtained an injunction to enforce this order and freeze the assets. Last month, Mr Denis Dale Greaves was charged with obtaining money by deception.

● The SIB announced yesterday that it had petitioned to wind up Lovell & Co, a member of The Securities Association.

● UK & General Securities, the stockbroker suspended last month for falling below the minimum capital level required under the rules of The Securities Association, is to be reinstated.

## Move to smooth out electricity price peaks

By David Thomas

THE GOVERNMENT has intervened to smooth out big variations in prices that have emerged in the first few months of the new electricity market in England and Wales.

The new market, known as the pool, sets prices by which suppliers buy electricity from generators on a half-hour basis every day.

However, unexpectedly strong peaks emerged at various times of the day, with prices often jumping by 50 per cent between one half-hour and the next.

One example among many occurred on April 23 when the pool set the price of electricity at 1.45p a unit (kilowatt-hour) at 7.30 in the evening and at 2.10p half an hour later.

Most of the peaks occurred at times of maximum demand, such as around midday, but a more unexpected peak also occurred in the early hours of the morning, corresponding to the onset of economy night storage heaters.

The Department of Energy, which oversees the new pool, has recently changed some of the underlying formulae governing it in order to smooth out the sharper peaks.

However, the pool will still be marked by some peaking in prices, which observers believe will force the area electricity companies to reconsider their arrangements for charging economy rates in the middle of the night.

The other early feature of the pool is that overall prices are considerably lower than initially forecast by the Department of Energy, partly as a result of the recent collapse in oil prices.

The area supply companies were forced to sign contracts with National Power and PowerGen, the generators in England and Wales, using prices based on the Government's forecasts.

Some people in the electricity industry say that prices are up to 15 per cent lower than forecast by the Government, although the department believes that is somewhat exaggerated.

Some electricity supply companies believe that the gap was one of the main factors allowing the generators to undercut them when the generators recently won the supply business of many large industrial customers.

## THE GUINNESS TRIAL

# Jury told of Ward's influence over Saunders

AN EMINENT solicitor yesterday recalled his increasing concern over the influence of Mr Tom Ward, a US lawyer and Guinness non-executive director, had on Mr Ernest Saunders about the time of Guinness's takeover of Distillers in 1986.

Sir David Napley, a former president of the Law Society, the solicitors' professional body, said Mr Saunders had had enormous regard for Mr Ward and tended to do what he suggested.

Called as a witness by Mr Saunders, Sir David described Mr Ward as a very personable man with great presence and enormously impressive.

But, he said, he had begun to question Mr Ward's judgment,

His approach had been "go-getting... all in a hurry and pushing... doing things and getting them done."

"The American ethos of everything has to be pushed and hurried," said Sir David.

Mr Justice Henry asked if that approach had suited Mr Saunders, then Guinness chief executive.

To some extent, replied Sir David, "because Mr Saunders at that time believed everything Mr Ward said."

Mr Saunders, Mr Gerald Ronson, Heron group chairman; Mr Anthony Parnes, a City stockbroker; and Sir Jack Lyons, the millionaire financier, deny charges arising from an allegedly unlawful share support operation mounted by Guinness during the takeover.

Sir David's firm, Kingsley Napley, was one of those that acted for Guinness.

Sir David spoke of a meeting in December, 1986, at which Mr Oliver Roux, then Guinness director of finance, had told him, in the course of getting support for Guinness during the bid, its merchant bank, Morgan Grenfell, had arranged

for the Henry Ansbacher merchant bank to buy Guinness shares.

Mr Roux had said that, after the bid, Morgan Grenfell had said Ansbacher could be persuaded to delay selling the shares if Guinness deposited £7.5m interest-free with Ansbacher for a month, and that had been arranged.

Asked if he had consulted Mr Saunders about that, Mr Roux had looked "exceedingly embarrassed," Sir David said.

"Throughout this interview he was sitting perched right on the edge of his chair."

"He looked at Mr Saunders and said, 'I'm sure I would have consulted Mr Saunders on a matter of this sort.'"

Mr Saunders had said he had no recollection of it.

Sir David said Mr Saunders had told him the day-to-day affairs of the bid had been conducted by Mr Roux; Mr Anthony Parnes, a partner in City solicitors Freshfields; Mr Roger Seelig of Morgan Grenfell; and Mr Ward.

Mr Richard Ferguson, QC, for Mr Saunders, asked Sir David about a conversation



Sir David Napley: concern over "go-getting" approach

with Mr Hugh Peppiatt, then Freshfields' senior partner.

Sir David said Mr Peppiatt had said he had never before had a case in which one of his partners had been negligent," he said.

The trial continues on Monday.

entitled to know from Freshfields the areas about which they were concerned so he could take independent advice," Sir David said that, after the appointment of Department of Trade and Industry inspectors, Mr Saunders had wanted Kingsley Napley to handle the inquiry for Guinness.

Both he and other Guinness directors had expressed indignation about Freshfields.

Guinness regarded Freshfields as its solicitors, and was paying the firm very substantial sums of money to represent it and its officers, but had the impression that to some extent Freshfields was behaving "as an extra arm of the DTI inquiry."

Sir David said he had not seen how Freshfields could have control of the inquiry for Guinness.

"There were bound to be inquiries about the part their partners had played in it, and we also had this admission from Mr Peppiatt that one of his partners had been negligent," he said.

The trial continues on Monday.

## Court report by Raymond Hughes

"not so much because I thought he did anything dishonest, but because I formed the impression he was trying to run English affairs with an American slant."

## Rover to cut 1,100 Cowley jobs

By John Griffiths

ROVER GROUP said yesterday that 1,100 jobs were to go at its plants in Cowley, Oxfordshire, between now and October.

The British Aerospace subsidiary told employees it hoped to achieve the reduction, which represents about 15 per cent of the 7,500-strong workforce, through voluntary measures such as early retirement.

However, the announcement is expected to generate new uncertainty about the likely long-term level of employment at Rover's Cowley complex, which is the area's largest single employer.

The complex includes two car assembly plants, North and South Works, both of which are scheduled for closure.

It has been known since 1988 that South Works, which currently makes the Montego and Maestro, will close in 1992. No replacements of those models are planned for Cowley.

Earlier this year Rover said that North Works, which assembles the 800 executive car, would also close, at a still undetermined date in the early 1990s, with production being transferred to the largest Cowley facility, a 90-acre body-manufacturing plant.

That facility, formerly Pressed Steel Fisher, is to have £130m invested in it to build an executive car range to succeed the 800.

Rover maintained at the time of the initial closure announcement that it expected a total of 2,500 jobs to be lost through the restructuring.

However, before yesterday's

announcement some 1,500 had already been lost through natural wastage and non-recruitment since the closure plans were announced. With nearly two years still to go before closure takes place, further substantial job losses are now clearly indicated.

One study of the possible outcome at Cowley was conducted last year by an independent group of Oxford academics, who concluded that up to 7,500 jobs might go. At the time, that figure was described by Rover as "inaccurate and alarmist."

Rover said last night that the current jobs cuts were to take account of reduced production against the background of the current slide in new car demand in the UK.

BRITISH and Irish ministers are to meet as soon as possible to try to overcome what Mr Peter Brooke, the Northern Ireland Secretary, yesterday conceded were difficulties in his efforts to initiate inter-party talks in the province.

Mr Brooke declined to pinpoint precisely the nature of the difficulties, but it is clear that they relate to the Dublin government's demand that it should be involved early in talks on the future administration of Northern Ireland.

Unionists have made clear that the first stage of dialogue must focus on internal political structures for the province, thus involving only Ulster's constitutional parties.

Speaking in Belfast yesterday, Mr Brooke said he hoped to meet Mr Gerry Collins, Foreign Affairs Minister of the

## Brooke admits hitch on Ulster initiative

By Our Belfast Correspondent

Irish Republic, "in the reasonably near future." He said he was encouraged by a statement from Mr Charles Haughey, the Irish Prime Minister, that he felt agreement could be reached.

Mr Brooke said: "As far as the difficulties are concerned, we have had them in the past and we have been able to find accommodations which have not involved anyone compromising essential principles."

"As with the previous occasions, and the many, many, occasions which will occur in the future, I don't know which accommodation we will find. But, provided the good will exists, we will do it."

It is now clear that the two governments will have to reach a compromise before Mr Brooke's initiative can be carried forward.

One eyewitness claimed he saw a man drop a carrier bag into the bin seconds before it exploded. Two dummy bombs were later found at Bank and Blackfriars Tube stations.

By early yesterday morning the Metropolitan Police said they would not confirm who may have planted the bomb, as no organisation had claimed responsibility. A photo of a man in his mid 40s was issued last night.

## Swiss banks rebuff Dunsdale queries

By Andrew Freeman

PROVISIONAL liquidators seeking to recover £17m of clients' money from the collapsed Dunsdale Securities firm say their attempts to trace assets abroad are being hampered by lack of co-operation.

Some Swiss banks are refusing to grant the liquidators access to account details on the ground that such action would constitute a breach of client confidentiality.

Mr Harold Sorsky of Sorsky Defries, one of the two provisional liquidators, said: "They are not helping at all."

He thought the banks would have to be approached directly in Switzerland before they would be persuaded to allow access to any accounts.

It is understood that among Dunsdale's papers were found several telephone numbers for small Swiss banks.

The liquidators have continued to take steps to recover Dunsdale's assets, including making a claim against the firm's professional indemnity insurance policy.

It is understood that the policy was taken out by Dunsdale with Lloyd's of London in September 1989.

Mr Sorsky said the Serious Fraud Office was expected to allow the liquidators full access to Dunsdale's records, and computers next week.

He confirmed that creditors of Dunsdale had taken action to freeze the assets of third parties connected with Dunsdale's sole director, Mr Robert Miller, including those of his wife.

THE IRA denied responsibility for the bomb that exploded just after 7am yesterday in a litter bin outside Barclays Bank in the Strand, one of central London's busiest thoroughfares, writes Jimmy Burns.

No one was hurt and damage was slight, but the incident caused chaos in rush-hour traffic as police sealed off the area and began a hunt for a man seen running away from the explosion.

## London rush-hour bin bomb

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## Standards seekers read between the lines

Norma Cohen reports on the lack of uniformity in testing schoolchildren for literacy

THIS fact that some children cannot read sparks outrage among parents, soul-searching among educators and finger-pointing among politicians. Yet surprisingly little is known about reading standards and whether they are getting better or worse.

A survey of children's reading skills among nine local education authorities has this week stirred up a controversy over how many children have serious reading difficulties, and how the matter might be remedied. It suggested that more seven-year-olds were having trouble reading now than five years ago.

The study, by educational psychologists and published in The Times Educational Supplement, tested 347,000 children, making it the largest survey of its kind in England since 1973. It has been treated with some scepticism because of the lack of standardised testing and because no written report has yet been produced.

Whatever its merits, it has rung alarm bells at a time of growing concern among employers and educationists about the potential economic and social costs of illiteracy and the effect on skill levels in the labour force. The Department of Education and Science says the national curriculum and standardised skills assessment tests for seven-year-olds, being introduced under the current reform of the education system in England and Wales, will tackle the issue.

Yet it is unclear what form the skills assessment tests will take and the extent to which they will provide a snapshot of the abilities of the nation's youngest readers.

At the moment, both the teaching of reading and the testing of ability differ widely from area to area and school to school. Some local education authorities distribute a standard test to their schools, and some do not. A variety of standardised tests are used around Britain, so there is little chance of parents making direct comparisons. The results of tests of the reading skills of seven-year-olds are often withheld from parents.

Croydon, one of the areas in the LEA study, is one of the few education authorities that regularly publishes aggregate statistics on its seven-year-olds and reports individual results to parents.

Mr Brian Howes, chief inspector of schools in Croydon, acknowledged that read-

ing levels of seven-year-olds in the district had declined. But he said the results had to be seen in context. For instance, a decline in measured reading skills may reflect a recent influx into Croydon's area of children speaking English as a second language.

Educational psychologists point out that the variety of tests applied in British schools usually measure only narrow tasks. They do not typically measure all reading skills.

There is also concern that the focus of testing among pupils aged 11 and 15 means that reading difficulties are not spotted early enough and the chances of catching up are low.

Mr Tom Gorman, head of language research at the National Foundation for Educational Research, said that by the age of nine it was impossible to offer remedial instruction without a formal programme.

In addition to the controversy over testing, debate continues about the way reading should be taught.

Some specialists believe modern teaching methods are being applied at the expense of the basics such as teaching phonics, which requires children to understand the sounds

letters make, allowing them to decipher words piecemeal. The older method is still used in schools alongside other methods brought into the system in recent decades.

The greatest controversy among educators has emerged over the "real books" approach, in which children learn to read by reading books they themselves select. Reading experts argue that although there are many benefits to that approach, some teachers fail to structure children's reading.

Mr Donald Moyle, reader in language and reading studies at Edge Hill College of Higher Education, in Liverpool, and a former general secretary of the UK Reading Association, said some teachers were "convinced" by the approach.

"All learning demands structure. Therefore, if you use a free choice of books, it is down

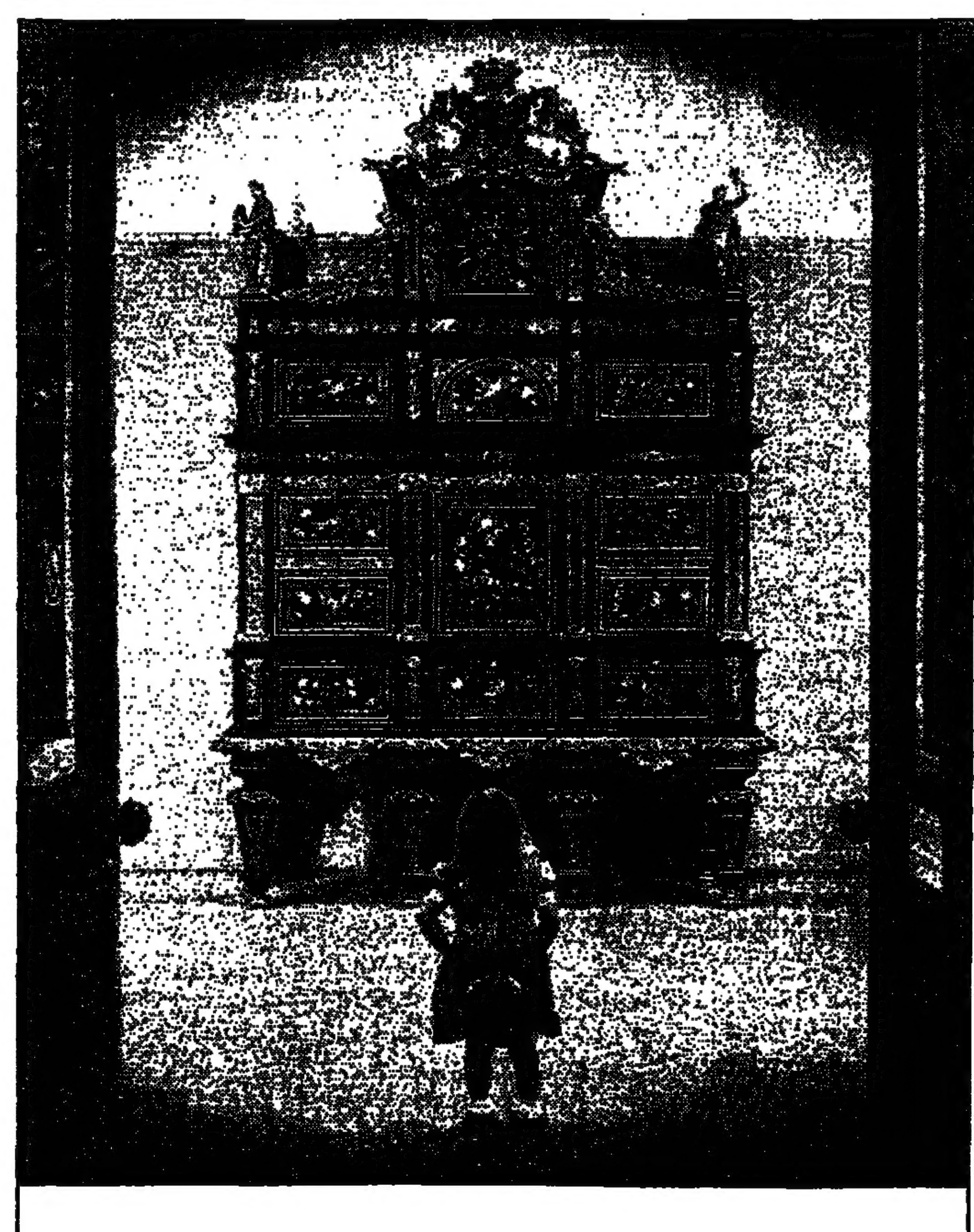
to the teacher to ensure that each child has the proper structure," he said.

Mr Moyle believes the limit may be with teacher training colleges that concentrate on areas such as motivating youngsters - and quite rightly so - but which at the same time neglect the basics which are equally important.

The debate about teaching methods is largely one of emphasis, but the difficulty of testing in schools goes deeper. Britain's reluctance to test young readers is in sharp contrast to other countries. In New York City, for instance, schools are ranked annually according to the reading skills.

The lack of uniformity in testing is a source of frustration for teachers - and for parents who increasingly are demanding to be able to make informed choices about schools.

Both the teaching of reading and the testing of ability differ widely from area to area



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## UK NEWS



Bernard Weatherill, speaker of the Commons, with a painting in which MPs are portrayed in relaxed mood

## Wayward MPs undeterred by TV

Michael Cassell says cameras have brought rowdiness into sharp focus

TRADITION dictates that any MP entering the Commons chamber beneath the Churchill arch may ask the doorkeeper for a pinch of snuff. "Think they must be sniffing something stronger, judging by their recent behaviour," one guide whispered to a party of tourists earlier this week.

Once again, as the long summer recess approaches, the behaviour of Britain's 650 elected parliamentary representatives has become an issue. It now takes on an added dimension, with the Commons about to decide on whether the television cameras, introduced last November, should be allowed to remain.

Next week's report from the Commons committee on television will recommend that they stay, a view certain to be endorsed when MPs debate the issue, most likely before the Commons rises on July 26.

In spite of the deep reservations expressed by many MPs before the cameras arrived, most now believe they have been a success; in other words, they are inclined to think that they look rather good.

This week, however, the cameras have been picking up a mixture of force and tomfoolery as MPs have pursued their own, special brand of rowdy, ill-humoured abuse.

In spite of the wide ideological gulf that separates the two main parties, the Commons continues to operate as a legislature on the basis of mutual consent. This week, that consent has at times looked perilously close to breaking down.

Mr Jack Cunningham, the shadow leader of the House, used Thursday's question time to talk of disgraceful scenes of anti-social behaviour and accused the Government of failing to create "a climate in which civilised behaviour can flourish." He was referring to the football fans running riot everywhere from Turin to Turin, but more than one MP wanted to know if his remarks referred, instead, to the antics of his colleagues.

In recent days, MPs have accused each other of being "liars" and "louts," one front-bench Labour spokesman yelled a four-letter word at a minister and, when asked to retract it, repeated it. Another front-bench spokesman had to be reminded for bad behaviour and one threatening Labour MP was physically prevented from reaching a minister who had angered him.

On Tuesday, the Speaker was forced to complain of being bullied, before suspending the sitting in what Hansard was moved to describe as scenes of "grave disorder."

Such episodes are not, however, unique and form a consistent and colourful part of parliament's history. When one Tory MP attacked the recent, "shameful" scenes in the chamber, it fell to Mr Dennis Skinner, the MP for Bolsover, to recall "the great days" when, for instance, Mr Michael Heseltine performed his notorious mace-wielding act.

Most MPs believe the latest upsurge in unruliness has arisen primarily because the Commons has time on its hands as it contrives to stay busy until the recess. The opposition, however, has appeared genuinely aggrieved, accusing ministers of treating parliament with contempt in making important statements on controversial issues but avoiding a full debate.

Few MPs, however, believe that the presence of television has made that much difference to life at Westminster. In the heat of the moment, the cameras are invariably forgotten, although once this week the Speaker reminded MPs that their behaviour was doing "immeasurable harm" in the eyes of the viewing public.

On Thursday, one Government whip had to chide a parliamentary private secretary who had not only fallen asleep

behind his minister but, horror of horrors, in direct line with the camera.

The most obvious attempt to take advantage of the cameras has involved the growing use by MPs of the daily points of order session in order to air their grievances on television. As one senior Tory backbencher put it: "They are not interested in points of order; they want brownie points back home."

Some of the most absurd and stringent rules governing what the broadcasters can and cannot show - reminiscent of the old days in Hollywood when actors and actresses had to keep one foot on the floor during bed scenes - have already been relaxed.

Further changes are likely to be made, although not in the short term, allowing the cameras to swoop and swirl freely in order to bring the nation its daily diet of democracy in action. MPs have already shown that their behaviour is unlikely to change as a result.

According to one Tory peer, who is among the rare visitors from "the other place" to watch proceedings in the Commons and is well used to cameras in the Lords: "As we found out ages ago, the cameras are quiet, unobtrusive and cannot lie. Which is more than you can say for that lot!"

## EMPLOYMENT

## Council plans team bonus

By Diane Summers, Labour Staff

DARTFORD Borough Council is to scrap its performance related pay scheme for white collar workers and replace it with a team bonus system.

The scheme is believed to be the first of its kind in local government. While individual performance related pay is now common for white-collar workers, team bonuses have generally been restricted to manufacturing operations.

The move follows difficulties in establishing an equitable individual bonus system, says the Kent council.

Manual workers are not

included in the new scheme because they already have a profit-sharing bonus scheme.

Team bonuses will be up to 15 per cent of salary, but, "for that amount people would be expected to walk on water," says Mr Chris Shepherd, the chief executive. A more usual bonus will be around 5-10 per cent. Workers will continue to be appraised individually and qualify for increments in the normal way.

The bonus scheme supplements the council's own targets which are set by chief officers. Those core targets have

now been set and the team bonus scheme should be in place by autumn.

As well as backing up the overall plan, the council hopes to benefit from improved team working, says Mr Shepherd.

"Members of the team will become aware of each other's strengths and weaknesses - if one member of the team is having domestic or health problems the others are likely to rally round. But if someone is not pulling their weight then the team could go to a manager and asked for that person to be moved."

## Prison officers begin limited industrial action

By Lisa Wood, Labour Staff

LIMITED industrial action by prison officers began yesterday with new inmates not being admitted until Monday.

The Home Office is not expecting major disruption as the action is over the weekend. The move, by the Prison Officers' Association, is the latest in the dispute with the Home Office over staffing.

Last month POA members voted by 10,103 to 2,446 to take industrial action after the riot at Strangeways Prison in Manchester.

## Miners' backer with a penchant to annoy

George Graham meets one lonely official at the IMO in Paris

STEEL shutters and grilles held in place by a large bicycle lock gave a deserted appearance to the headquarters of the International Miners' Organisation (IMO) in Bobigny, in the eastern suburbs of Paris.

Inside, the organisation, which is at the centre of inquiries into the misuse of funds by leaders of the UK's National Union of Mineworkers (NUM), continues to function, with a staff reduced by holidays and pregnancy to one.

"We function on a shoestring," explained the IMO's lone official, who did not wish to be identified.

The IMO dates back to 1985, the official says, from an attempt to resolve the rift between the Brussels-based Independent Confederation of Free Trade Unions, broadly representing western unions, and the World Trade Union Federation in Prague, which included mostly official unions from Communist countries as well as France's communist union, the CFT.

"It was an old idea from the end of the 1960s, to create a single miners' organisation independent from either grouping, but it was the British miners' strike that revealed the real need for this," he says.

To begin with, the driving force came from miners' unions in France, the UK, Australia and Spain, but after considerable argument the Soviet Union was persuaded to join.

Today, the official says, the IMO is made up of 43 miners' unions from 39 different countries.



Peter Heathfield: IMO says personal loan was justified

Each member union must pay an annual subscription, leaving the union with a budget of between FF2m (£203,000) and FF8m a year to cover general running expenses, including the production of a regular newsletter, the supply of training material for trade union officials and the cost of running its headquarters on Avenue Pierre Sémard, named after a former secretary-general of the French Communist Party who was ousted from the post in 1926 for "passivity" and later shot by the Gestapo.

"When there is a struggle, there are various needs, moral but also material, such as the living costs of miners deprived of pay, or legal expenses. For

that, we have a subscription, and the associations pay what they can or will," he says.

The largest such subscription was for the UK's NUM, although the strike was over before the IMO was created in September 1985. More recently, the IMO contributed FF200,000 to help striking miners at Djeirada in Morocco.

The IMO official says he has no direct involvement with those funds, but that money paid into them by the Soviet mineworkers was not destined specifically for the NUM.

"It wasn't money for the British miners, but money for the international miners that could be used in Britain. To the best of my knowledge, we never saw any Libyan money."

The Soviet miners paid money into the fund, but to the best of my knowledge they never paid any directly to the NUM," he says.

He justified personal loans the fund made to Mr Arthur Scargill and Mr Peter Heathfield, president and general secretary respectively of the NUM, on the ground that it is permissible to help a militant who is devoid of resources.

"There are two ways of helping you can either give, in which case you get nothing back, or you can lend, when you can recoup the money and even interest," he says, adding that the IMO is obliged to maintain a certain impression in its accounts because of the dangers of being a union militant in some countries.

"When you give money to union leaders in South Africa who are risking their lives, they are not going to give you a receipt," he says, adding: "We are not going to have a firm of auditors in just to please the press."

The official concludes that the row over the NUM funds is an exercise in trade union rivalry by organisations that have always viewed the IMO as a Communist "submarine" and which hope that the collapse of the Communist regimes in eastern Europe will also lead to the collapse of the IMO.

"What I see in this affair is Scargill, who annoys a lot of people, and our organisation, which also annoys a lot of people, because it is independent and doesn't have to account to anyone," he says.

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## FINANCIAL TIMES

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Weekend July 7/July 8 1990

## How to secure the peace

ANOTHER week; another summit; and another dinner. The heads of government of Nato met two days ago. Now six of those present in London are on their way to Houston where, joined by Mr Kaifu of Japan, they meet at the sixteenth summit of the Group of Seven industrial countries.

A cynic might doubt the ability of these jet-lagged politicians to do more than sign the communiqué prepared by their minions and proceed, still more exhausted, to their next venue. If not entirely misplaced, such cynicism is exaggerated. These meetings have their uses. They force civil servants to clarify disagreements that heads of governments must confront. It is only at summits, after all, that world leaders meet the people they cannot brush aside, their peers.

Such meetings are particularly important now. As occurred in Vienna in 1915, in Versailles in 1919, in a number of conferences at the end of the Second World War, the world must be re-arranged.

Re-arranging the world will demand reconstruction of its institutions. The role and functions of Nato will have to change. The security concerns of countries of east Asia, notably Japan, will have to be addressed. But, among these institutional changes, the economic summit will surely survive, even if one can now envisage a time when there will be only three participants, with the European Community the third. The cold war was a battle of economic systems, one in which the Group of Seven countries, with more than 85 per cent of OECD gross national product of among them, were the main players.

At the end of any war, there must be a settlement; at the end of an economic struggle, there must be an economic settlement. This is what the G7 countries are now called upon to provide. They must deal with the defeated, maintain co-operation among the erstwhile allies and provide hope to those who were the objects of the struggle.

## Obvious parallel

As the precedents show, it can be easier to win a war than secure the peace. In this case, unfortunately, the obvious parallel is with 1919, for the Soviet Union — like the German empire — has collapsed internally rather than suffered a visible defeat. It has a visible economic structure, but it is a bitter internal division is far more probable than peaceful reconstruction.

It is natural, therefore, to wish to aid the Soviet Union, with Germany's interest both particularly strong and partic-

ularly understandable. Yet, as the party Congress now under way in Moscow demonstrates, the conditions for successful assistance do not yet exist. The offer of western assistance might serve as an incentive for President Gorbachev to ditch his recalcitrant party, its over-hasty provision would be both politically and economically unprofitable in the absence of such determination.

## Victorious allies

More important still is the maintenance of co-operation among erstwhile allies, with economic co-operation the heart of the matter. Nothing is more normal than for victorious allies to turn and rend one another. The agenda of the summit is replete with opportunities for such folly.

Some Americans already talk of Japan as if it were their prime enemy. Europeans are in the bunker in defence of their hugely distorting common agricultural policy; and Japan fights a rearguard action against pressures to liberalise. With the Uruguay Round bound to end, one way or the other, before next they meet, the leaders of the G7 bear the main and inescapable responsibility for its outcome.

When contemplating the prospect, they should remember that everything they are asked to do is in the long term interest of their country, if not in their own immediate political interest. A statesman would choose the former; a politician the latter. Their choice will show which they are.

As in 1919, the collapse of the Soviet empire leaves behind enfeebled states struggling for political and economic stability. They need the freedom to trade, not least with western Europe and particularly in food products. But trade liberalisation will be equally important for the developing countries.

Relief on official debt is inescapable by now, but it must be given in a planned way that minimises the moral hazard of piling rewards upon the most incompetent. The leaders should also call for a comprehensive study of official assistance policies. Past mistakes should, indeed, be rectified; they must not be repeated.

In short, it would be grossly irresponsible for the leaders to bask in triumph. The world looks a much happier place than at the time of the first summit. It looks a far more hopeful place even than last year. But history suggests that victories have, too often, been the occasion for ruinous folly. If this error is to be avoided, the leaders must above all avoid a diet of hubris and fudge in Houston.

## Victor Mallet on the growing successes of Islamic fundamentalism

## Arab world's wave of religion

Western decadence is still available in Tunisia: revellers drink wine in public, taxi-drivers listen to Marvin Gaye's Sexual Healing on their cassette players, and the women are still topless on the beaches of Hammamet.

If the future bears out the worst fears of Tunisia's Government and bourgeoisie, such liberalism will not last long. Just as they were getting used to the idea of the decade-old Islamic regime in Iran — and delighting in its various failures — the ruling classes of North Africa and the Arab world in general have been forced to watch the alarming spectacle of a new wave of Islamic fundamentalist successes.

The broadly secular amalgam of socialism and nationalism which flourished in the post-colonial period from Algeria to Egypt and from Syria to Yemen have been undermined by economic failure, while the authoritarian regimes which put such ideologies into practice have been pushed onto the defensive — and into elections — by popular discontent at home and the spread of democracy abroad.

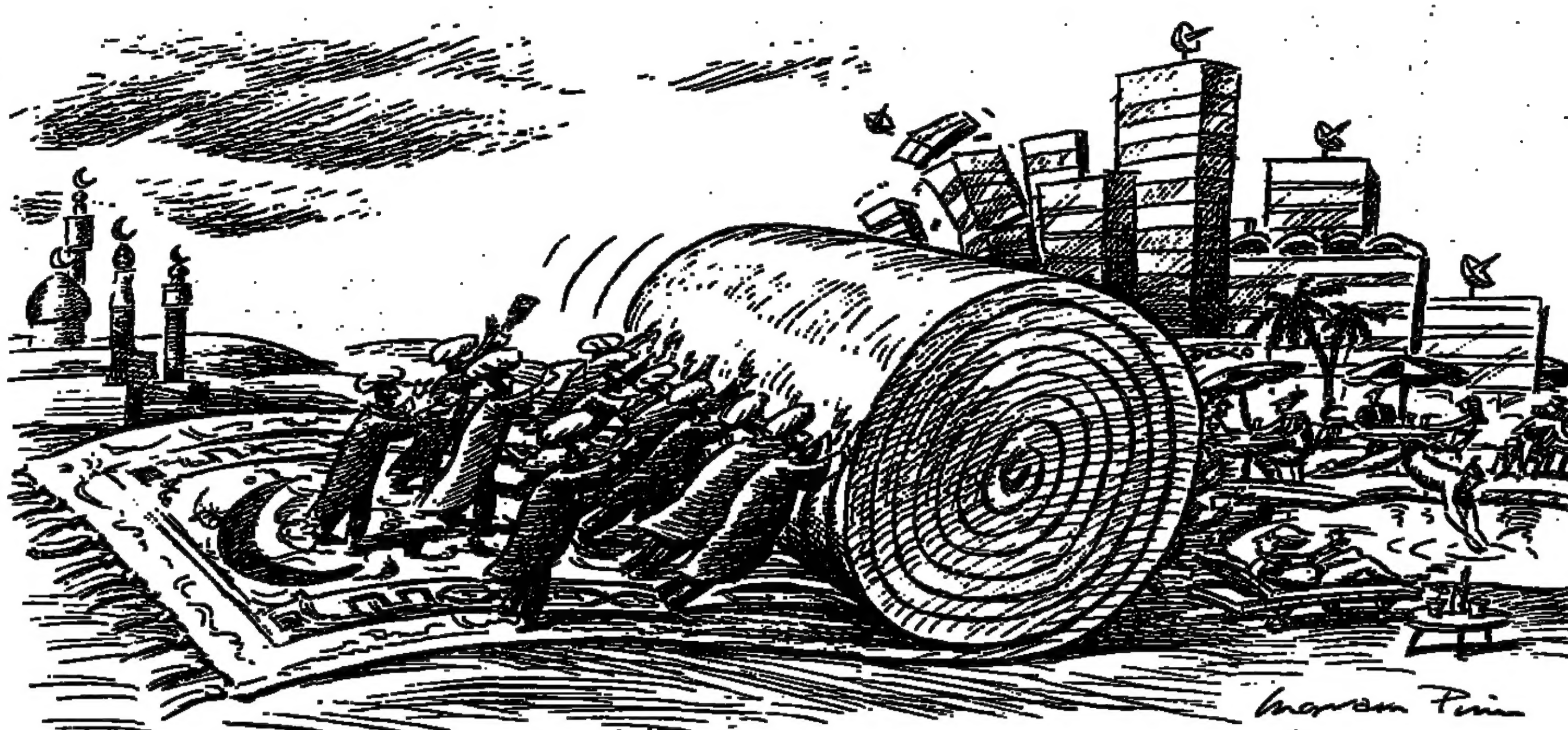
In last month's local elections in Algeria the Islamic Salvation Front (FIS) won 54 per cent of the vote, and Mr Ali Belhadj, the radical FIS preacher, had an unwelcome message for the urban elite of the Mediterranean coast. "Our goal is not the municipalities and the provinces," he said, "but the restoration of the Caliphate and the rule of the Book of God throughout the Islamic nation."

With the FIS demanding general elections, it did not take long for militant Algerian Muslims to start disrupting parties and trying to tear down the satellite dishes which allow Algerians to taste the sordid pleasures of Italian television striptease; the antennae are no longer "paraboliques" but "paraboliques".

Nor are Arab monarchies immune. In Jordan, the Moallem Brothers and Islamic revivalists became the largest single group in parliament after the country's first elections for 22 years last November; since then nightclubs have been attacked and television purged of blasphemous scenes.

In the Israeli-occupied territories, the Islamic movement Hamas has been gaining ground at the expense of the more secularist PLO. In the Sudan, a fundamentalist-military junta is under pressure from its supporters to declare an Islamic republic. Colonel Muammar Gaddafi, the Libyan leader who regards himself as a champion of progressive Islam, has sharply criticised religious extremists.

The various Islamic groups thriving today, whether Sunni or Shia, draw public comfort



from each others' successes. "This movement," says Mr Ali Laridh of the Tunisian Nahdha (Renaissance) movement, "is part of the rebirth of religion in the whole Arab world."

The very word Islamic, in Arabic as well as English, now has militant overtones. "You can be born a Muslim. What makes you Islamic is something different," says Dr Chibli Mallat, lecturer in Islamic law at the School of Oriental and African Studies in London. "It denotes a political choice to have religion expand its sphere to larger and larger fields... There is an Islamic will to power."

The causes of the generalised Islamic revival of the past two decades have been well rehearsed: the Israeli victory over the Arabs in 1967; popular anger against corruption and hypocrisy in government; the inability of many Arab economies to realise their potential despite the oil wealth of the Gulf; all this leading to a widespread feeling of material and ideological failure in societies where many western values have been enthusiastically espoused by an educated minority but not necessarily absorbed by the poor.

Until recently Arab intellectuals confidently declared that Islamic fundamentalism had passed its peak after the Iranian revolution in 1979. What they could not predict was the sudden democratisation of eastern Europe, the decline of the Soviet Union as a super-power and pro-Arab counterweight to the US-Israel alliance, the anti-government riots in Algeria and Jordan, and the increase in religious feeling throughout the Arab world.

These factors have all contributed to the partial democratisation of the Middle East and the subsequent resurgence of Islamic influence. South Yemen, the only communist Arab state, was swallowed in May by the democratising — and more Islamic — North Yemen following the collapse of the Soviet empire. The tired ruling elites in

Egypt, Jordan, Algeria and Tunisia have all been forced towards democracy after years of repression by pressure from below. And among opposition movements, the Islamic organisations, with their mosque-based political networks, tend to emerge the strongest.

The European nations across the water are disturbed but not yet panicked by the rise of fundamentalism in Algeria and by the implications for Morocco, Tunisia and the rest of the Arab world. Mr Belhadj may be radical and anti-French, but Mr Abassi Madani, the FIS leader, has taken a more conciliatory approach. France has reason to fear the transfer of North African political disputes into its own large immigrant community, and all Europe would be concerned about the economic implications for Algeria and its neighbours if educated elites decided to leave any future Islamic states in disgust.

The Arab opponents of fundamentalism are full of anguish. They hear Europe and the west urging them to be democratic, but they fear that free elections are opening the door to anti-democratic Islamic forces which will cling to power indefinitely with a hazy system of consultation (*shura*) on Islamic lines. Democracy, the fiery Mr Belhadj declared in Algeria, is blasphemous.

Arab leaders have only a limited political arsenal at their disposal to restrain such fundamentalist impulses. Neither President Chadli Bendjedid of Algeria nor President Zine El Abidine Ben Ali of Tunisia has quite the populist charisma of Mr Madani or Mr Rached Ghannouchi, the leaders of the respective Islamic movements which oppose them.

Repression is one method of control. It is used in Morocco and partially applied in Tunisia, where Mr Ben Ali's Government refuses to recognise the Nahdha as a party. Mr Ben Ali's supporters believe that President Chadli committed a serious tactical error by recognising a purely religious party

relationship with Islam, while the rulers of Saudi Arabia have long financed fundamentalism abroad as a kind of insurance policy against foreign criticism of their own religious credentials.

Sunni fundamentalists often lack the messianic fervour of their Shia counterparts in Iran, and are less concerned about the export of revolution, but they share the aim of applying Islamic law (*sharia*) on the basis that Islam is an entire way of life, religious, political, social and economic. At a superficial level that means a ban on alcohol and interest payments, and an insistence on modest garb for women.

But the Koran and the reported acts of the Prophet Muhammad are open to such a broad range of interpretations that no two Muslim clerics are likely to agree on all the details of an Islamic government's policies, and it is hard

to be sure exactly what the various Islamic movements stand for. Mr Laridh, for example, emphasises the importance of democracy, outlines a vague economic strategy of promoting self-sufficiency, balks at the word *sharia*, and says that Nahdha in Tunisia is much less radical than the FIS next door in Algeria. His critics believe that he and his Nahdha colleagues are pretending to be moderate in order to take power.

Islamic fundamentalists like to say that the ideologies of socialism and capitalism have provided demonstrably inadequate systems of government, but the same argument is inevitably being used against the fundamentalists themselves as they take the levers of power.

The collapse of a number of Islamic finance houses in Egypt last year sullied the record of Islam as well as the reputations of the bankers concerned. In Jordan, public opinion forced the Government to rescind an "Islamic" ban on male hairdressers working in women's beauty parlours.

"Iran is an example, a pattern. We have to do the same," declares a 23-year-old activist of the underground Islamic Jihad in the Israeli-occupied Gaza Strip. It is only after having made this statement that he asks his interviewers what Iran is actually like 10 years after the revolution.

The answer, of course, is that it is far from perfect. Iran's economy is in turmoil and its clerical leaders are at loggerheads over their various interpretations of what constitutes an Islamic society or an ideal foreign policy. Much the same challenges await the Sunnis. Mr Madani is making a bold prescription when he says of Algeria: "The present system is sick, the doctor is the FIS, and the medicine has existed for 14 centuries — Islam."

## Secret funds and a war that never finished

John Gapper says the NUM's annual conference will be tough going for the embattled union

The long agony of the National Union of Mineworkers will intensify next week as its annual conference gathers in Durham to pick over the traumas of another difficult year. It now has fewer members than the tax officers' union; it has lost its bargaining rights; many of the 83,200 miners left behind in the haemorrhage from the industry are despondent.

The union faces financial problems from the loss of members — down from 235,000 in December 1983 to below 50,000 today. Many of its rich and independent areas have been affected heavily by pit closures — only six pits remain in South Wales from 24 before the 1984-85 strike. The union is struggling for financial survival at its centre.

Members of the union's executive believe miners will no longer resist changes in working practices or pay thrust on them by British Coal. "Eventually attitudes will change, and men will start to fight and resist, but at the moment, 90 per cent could not give a damn if their pit shut down tomorrow," says Mr David Hopper, of the Durham area.

The Durham area has come the inquiry carried out by Mr Gavin Lightman QC into the handling of funds before and after the strike by Mr Arthur Scargill, NUM president, and Mr Peter Heathfield, the union's secretary. It tells of secret trust funds, of two men unwilling to disclose financial dealings to their own executive, of distrust and intrigue.

Most of all, it portrays a union leadership still acting as if the strike continued. Mr Scargill and Mr Heathfield are not alone in this. "There are still a lot of people in the NUM who think the strike is still on. They cannot seem to forget," says Mr Jim Dowling, of the NUM's power group, "in every conversation, you end up talking about 1984."

The Lightman inquiry, carried out after Mr Scargill and Mr Heathfield were accused of misusing funds, is a vivid account of a war that never finished. Mr Scargill told Mr Lightman how he prepared for a "conflict with the Government which for the union was a battle for survival" in which "no holds, legal or otherwise, were barred."

But in December last year, more than three years after the NUM had escaped from receivership, the executive had still not been told about 17 secret bank accounts set up to keep funds out of the hands of sequestrators. It knew nothing of the whereabouts of about £1.4m which had been donated by Soviet and east European miners during the strike.

Mr Lightman says the £1.4m, and a further £580,000 transferred from a separate cash fund which Mr Scargill oper-



Scargill: 'no holds barred'

ated during the strike, ended up in a Dublin trust fund whose deeds were "a sham. This fund was controlled jointly by Mr Scargill and the Paris-based International Miners Organisation."

Mr Scargill is also the president of the IMO, which Mr Lightman says has "no or no normal financial controls or audits." Mr Lightman says the IMO-controlled fund was simply "a facade and convenient receptacle for funds which were in effect at the free disposal of Mr Scargill and Mr (Alan) Simon, the IMO's general secretary."

The union's executive, which meets this weekend to consider the business of next week's conference, has taken these disclosures calmly enough. It will try to recover the Soviet funds despite Mr Scargill's insistence that they do not belong to the NUM — but disciplinary action against the two national officials is unlikely in the short term.

One reason is loyalty to two men cleared of embezzlement by the Lightman inquiry. As important is sympathy for their stance; for the unwillingness to end a state of emergency. Bitterness and frustration runs through the executive at the union's exclusion since the strike, and the comparative influence of the rival Union of Democratic Mineworkers.

A feeling of war cannot end as long as British Coal's management is seen still to be maintaining its offensive. Even the members of the union's executive least sympathetic to Mr Scargill are contemptuous of British Coal. Mr George Rees, general secretary of the South Wales area, says the area are more trustworthy.

British Coal's offensive has cut a swathe through the industry: 98 pits have been closed since the last full year before the strike. In return, the corporation has achieved big

productivity gains. Output per man rose by 90 per cent in the four years following the strike, although last year geological and other problems cut the annual increase to 4.3 per cent.

British Coal has exploited the NUM's refusal to allow the UDM to negotiate on its behalf at pits where the union is in a minority. It has simply imposed on NUM members wage rates negotiated with the UDM alone. Separately, the portion of miners' wages earned through local productivity schemes and incentives has risen to about 30 per cent.

The corporation has its own worries over the future of domestic demand for coal. Contracts with the privatised electricity generators PowerGen and National Power will sustain enough capacity to employ 56,000 miners for the next three years. Beyond that, uncertainty about demand for high sulphur domestic coal has added to miners' lack of hope.

One of British Coal's senior managers says the NUM's exclusion "does not matter much" to the corporation any more. It would simplify matters to re-negotiate wage negotiations, but British Coal is happy enough to allow wages to drift gradually away from national arrangements established in 1965. "It is a return to the industry's past," he says.

But it will be a contentious issue at the conference. The South Wales area and others want the NUM to get back into the world of British Coal. "We know how long people will accept the UDM negotiating on our behalf," says Mr Rees. "My view is that we should be sitting down in any meeting which would benefit our members."

Such talk still touches raw nerves. Mr Hopper says it will only encourage British Coal to insist that the NUM must accept the UDM's place in the industry. "We are being defeated from within the union," he says. "His view is likely to carry a majority again next week, and maintain the enmity between the two unions since the UDM was born."

The NUM's future as an independent body is tied to the other tough issues — finance. Talks with the TGWU general union over an amalgamation depend on the NUM reforming its structure and bringing its finances under control. Only when the areas' funds — estimated at up to £200m — are pulled into the centre is the merger likely to happen.

This is what the Lightman inquiry has exposed. A union which has been looking for five years, its money in funds controlled by different factions, a union whose leaders have little hope of better times, whose members want to retire in their 20s and 30s — it will be another hard week in Durham.

## MAN IN THE NEWS

Sir Bob Reid  
Railman with a mission to deliver on time

By Richard Tomkins



Refusing to bow to disability, the young Reid developed a mania for golf. "The belief that you couldn't play the game with one hand drove me forward, and I became absolutely fanatical about it," he says. By the time he was 15, he was down to a single-figure handicap and collecting trophies at junior championships.

After a university education at St Andrews, Edinburgh, Sir Bob joined Shell UK as a management trainee. Three years later, he was the company's chairman and chief executive — a position he retains alongside his British Rail job pending the expiry of his Shell contract in September.

Sir Bob, 58, is characteristically modest about his ambitions. He praises the work done by his eponymous (and unrelated) predecessor, Sir Robert Reid, in turning British Rail into a more market-led railway, saying he wants to build on that foundation. "This business of running in, changing things and firing people — it's not my style."

But he clearly has his own ideas for making British Rail more commercially-oriented. One is to exploit the potential of the vast captive audience passing through its properties each day.

"To take a simple example, look at the stations down the line. At the turn of the century, railway history books tell us that these stations doubled as lending libraries. Today, what do people want to do when they are travelling on their way home? They want to pick up a video. There must be opportunities for franchising there."

"At the other end of the scale, the retailing network at Euston, Victoria and Waterloo have started building up, but this is really only the tip of the iceberg. In Japan, people go shopping to the stations. The possibilities are enormous."

When it comes to the trains themselves, Sir Bob is fortunate in inheriting the chairmanship of British Rail at a time when investment levels are at their highest since the

slow to appreciate these improvements. Sir Bob acknowledges that 473,000 commuters a day are placing an insupportable burden on Network SouthEast's badly outdated infrastructure. High staff turnover, too, is a drawback.

Worse, from the commuter's point of view, is the fact that the Government aims to strip Network SouthEast of its subsidy over the next three years, so this is the sector facing the greatest threat of rapidly rising fares.

Sir Bob supports the termination of commuter subsidies. Around Paris, he says, once-pastoral areas have become crisscrossed with highways because people are not paying the true cost of their fast rail journeys into the centre. "Every time you subsidise a commuter, you re-arrange the economic priorities."

But Sir Bob is less explicit about the implication for fares. The investment going into Network SouthEast — for example, the 842 new coaches that will start arriving on the Kent lines next summer — may, he says, compensate for the economic slowdown by attracting new customers.

"As we get towards September or October we will be taking a very careful look at how far trade has recovered, what our actual costs are, what are our hopes for productivity, what we feel the new rolling stock is doing for us, and whether we are offering a package to the customers that in fact they might be prepared to pay for."

The implication of this last remark is visionary indeed, if not downright revolutionary, in suggesting that customers may one day be so delighted with British Rail that they will be happy to pay more for their tickets. But it appears to be exactly what Sir Bob means.

"The investment we are pouring into the railways is going to have a major impact on our services over the next three years," he says.

"It will be startling. People don't believe this, but it will happen. You'll see."











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2,507 were puts and 1,050 were calls. The July 2,350 puts was the most active series, trading 680 contracts.

Among the other traded options, turnover was depressed by the lack of business on the stock market. A total of 18,233 contracts changed hands, too little to keep most brokers occupied for long. Yesterday's volume was divided between 10,406 calls and 8,118 puts.

Of the 51m Cable & Wireless shares triggered active put buying and call selling. The October 650 and July 500 calls were among the favourites. A total of 2,447 contracts changed hands, of which 1,334 were calls and 714 were puts.

| Option                | CALLS      |         |          | PUTS       |         |          |
|-----------------------|------------|---------|----------|------------|---------|----------|
|                       | Sep        | Dec     | Mar      | Sep        | Dec     | Mar      |
| Abbey Nat.<br>(\$200) | 200<br>220 | 18<br>8 | 24<br>13 | 29<br>17   | 6<br>19 | 7½<br>21 |
| Amerstrad<br>(\$68)   | 60<br>70   | 12<br>6 | 15<br>9  | 17½<br>12½ | 2<br>6  | 3½<br>8  |
| Rising                | 993        | 19      | 33       | -          | 18      | 20       |

|                       |     |    |    |     |    |    |    |
|-----------------------|-----|----|----|-----|----|----|----|
| (P35)                 | 420 | -  | -  | 30  | -  | -  | 45 |
| Blue Circle<br>(P237) | 220 | 27 | 35 | -   | 5  | 84 | -  |
|                       | 240 | 13 | 19 | 29  | 11 | 18 | 20 |
| British Gas<br>(P225) | 220 | 9½ | 18 | 21  | 8  | 10 | 12 |
|                       | 240 | 2½ | 8  | 12  | 23 | 23 | 25 |
| Osloren<br>(P140)     | 140 | 10 | 15 | 21  | 8  | 11 | 15 |
|                       | 160 | 3½ | 8  | 13  | 23 | 25 | 27 |
| Glamo                 | 800 | 55 | 74 | 100 | 20 | 35 | 40 |

|              |     |    |    |    |    |    |    |
|--------------|-----|----|----|----|----|----|----|
| (#113)       | 850 | 29 | 47 | 72 | 47 | 60 | 65 |
| Hawker Sidd. | 650 | 40 | 58 | 78 | 17 | 25 | 28 |
| (#121)       | 600 | 20 | 35 | 52 | 45 | 50 | 53 |
| Hilldown     | 260 | 30 | 40 | 48 | 5½ | 9  | 11 |
| (#277)       | 280 | 17 | 27 | 36 | 12 | 16 | 18 |
| London       | 260 | -  | -  | -  | -  | -  | -  |
| (#267)       | 273 | 11 | 21 | -  | 19 | 21 | -  |
| Midland Br.  | 300 | 22 | 32 | 43 | 19 | 21 | 25 |
| (#205)       | 330 | 9  | 21 | 28 | 38 | 42 | 45 |

|                    |     |    |    |    |    |    |    |
|--------------------|-----|----|----|----|----|----|----|
| R. Royce<br>(224)  | 220 | 17 | 23 | 31 | 6  | 9  | 12 |
| Seas<br>(95)       | 240 | 6½ | 13 | 20 | 16 | 19 | 21 |
| THF<br>(304)       | 90  | 10 | 14 | 18 | 4  | 5  | 6  |
| Thorn EMJ<br>(769) | 180 | 5½ | 8  | 12 | 8½ | 10 | 11 |
|                    | 300 | 21 | 30 | 40 | 10 | 17 | 17 |
|                    | 330 | 8  | 16 | 25 | 28 | 31 | 33 |
|                    | 750 | 36 | 62 | 82 | 30 | 35 | 39 |
|                    | 900 | 16 | 35 | 54 | 64 | 65 | 68 |

|            | 138 | 140 | 15 | 17 | 4  | 7  | 8  |
|------------|-----|-----|----|----|----|----|----|
| 136        | 140 | 5   | 10 | 12 | 9  | 12 | 14 |
| Naal Reefs | 70  | 10  | 12 | 14 | 6  | 7  | 11 |
| 574        | 80  | 4   | 8  | 10 | 12 | 14 | 17 |
| Wellcome   | 600 | 37  | 57 | 79 | 34 | 40 | 47 |
| 591        | 650 | 17  | 35 | 54 | 65 | 70 | 72 |

EMBR FT-SE INDEX (\*2339)  
 2225 2275 2325 2375 2425 2475 2525 2625

CAIJS

|     | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 |
|-----|------|------|------|------|------|------|------|------|
| Jul | 155  | 112  | 72   | 43   | 23   | 11   | 44   | -    |
| Aug | 184  | 144  | 109  | 77   | 52   | 34   | 22   | -    |
| Sep | 206  | -    | 132  | -    | 76   | -    | 39   | 18   |
| Oct | 265  | -    | 197  | -    | 137  | -    | 92   | 60   |
| Nov | 305  | -    | 236  | -    | 180  | -    | 130  | 86   |
| Dec | 353  | -    | 268  | -    | 232  | -    | 178  | 136  |

| PUTS |    |    |    |    |    |     |     |     |
|------|----|----|----|----|----|-----|-----|-----|
|      | 10 | 15 | 20 | 40 | 77 | 115 | 160 | -   |
| Jul  | 18 | 26 | 40 | 60 | 85 | 115 | 153 | -   |
| Aug  | 24 | -  | 48 | -  | 87 | -   | 148 | 225 |

|     | 37 | 60 | 98  | 143 | 204 |
|-----|----|----|-----|-----|-----|
| Dec | 57 | 80 | 105 | 146 | 177 |
| Jan | 57 | 80 | 105 | 146 | 177 |
| Mar | 62 | 85 | 105 | 145 | 188 |

| FT-SE INDEX (2339) |      |      |      |      |      |        |      |      |
|--------------------|------|------|------|------|------|--------|------|------|
|                    | 2240 | 2250 | 2300 | 2350 | 2400 | 2450   | 2500 | 2550 |
| CALLS              |      |      |      |      |      |        |      |      |
| Jan                | 177  | 132  | 92   | 55   | 31   | 14 1/2 | 6    | 2    |
| Aug                | 203  | 162  | 123  | 90   | 62   | 43     | 28   | 16   |
| Sep                | 227  | 185  | 150  | 117  | 88   | 65     | 46   | 33   |

|       | 250 | 212 | 173 | 140 | 113 | 88 | 68  | 21 |
|-------|-----|-----|-----|-----|-----|----|-----|----|
| Jun ↑ | 365 | -   | 295 | -   | 230 | -  | 178 | -  |
| Dec ↑ | 283 | -   | 212 | -   | 148 | -  | 98  | -  |

| PUTS  |    |    |    |    |     |     |     |     |
|-------|----|----|----|----|-----|-----|-----|-----|
| Jul   | 6  | 19 | 17 | 37 | 66  | 112 | 162 | 212 |
| Aug   | 15 | 23 | 35 | 52 | 78  | 113 | 162 | 212 |
| Sep   | 20 | 30 | 43 | 62 | 85  | 117 | 163 | 213 |
| Oct   | 26 | 37 | 52 | 70 | 93  | 122 | 163 | 213 |
| Jun ↑ | 58 | -  | 85 | -  | 125 | -   | 178 | -   |
| Dec ↑ | 34 | -  | 58 | -  | 98  | -   | 160 | -   |

July & Total Contracts 18,524  
 Calls 10,406 Puts 8,118  
 FT-SE Index Calls 1,050 Puts 2,507  
 Euro FT-SE Calls 60 Puts 294  
 \*Underlying security price. † Long dated expiry months

| FIXED INTEREST       |               |                |           |                |                       | AVERAGE GROSS REDEMPTION YIELDS |           |           |                    | 1990  |       |       |       |
|----------------------|---------------|----------------|-----------|----------------|-----------------------|---------------------------------|-----------|-----------|--------------------|-------|-------|-------|-------|
| PRICE INDICES        | Fri Jul 6     | Day's change % | Thu Jul 5 | xjd adj. today | xjd adj. 1990 to date | British Government              | Fri Jul 6 | Thu Jul 5 | Year ago (approx.) | High  | Low   |       |       |
| 1 British Government | Up to 5 years | 115.44         | -0.05     | 115.50         | - 6.53                | 1 Low                           | 10.88     | 10.79     | 10.05              | 12.36 | 2 / 5 | 10.16 | 2 / 1 |
|                      |               |                |           |                |                       | 2 Coupons                       | 10.87     | 10.78     | 9.41               | 11.94 | 30/4  | 9.58  | 2 / 1 |
|                      |               |                |           |                |                       | 3 5 years                       | 10.87     | 10.78     | 9.25               | 11.85 | 30/4  | 9.52  | 2 / 1 |
|                      |               |                |           |                |                       | 4 Medium                        | 10.87     | 10.78     | 10.38              | 11.58 | 30/4  | 9.52  | 2 / 1 |
|                      |               |                |           |                |                       | 5 15 years                      | 11.39     | 11.41     | 9.87               | 12.45 | 27/4  | 9.97  | 2 / 1 |
|                      |               |                |           |                |                       | 6 25 years                      | 11.03     | 11.03     | 9.45               | 11.98 | 27/4  | 9.65  | 2 / 1 |
|                      |               |                |           |                |                       | 7 High                          | 11.24     | 12.28     | 10.94              | 13.67 | 2 / 5 | 11.17 | 2 / 1 |
|                      |               |                |           |                |                       | 8 Coupons                       | 11.15     | 11.15     | 10.76              | 12.76 | 2 / 5 | 10.87 | 2 / 1 |
|                      |               |                |           |                |                       | 9 15 years                      | 11.25     | 11.25     | 9.64               | 12.27 | 27/4  | 9.78  | 2 / 1 |
|                      |               |                |           |                |                       | 10 Irredeemables                | 10.89     | 10.77     | 9.27               | 11.83 | 30/4  | 9.66  | 4 / 1 |
| 2 Index-Linked       | Up to 5 years | 146.65         | -0.01     | 146.53         | - 1.49                | 1 Index-Linked                  | 5.39      | 5.38      | 3.75               | 5.40  | 16/5  | 3.83  | 5 / 1 |
|                      |               |                |           |                |                       | 2 Inflation rate 5%             | 4.27      | 4.26      | 3.64               | 4.31  | 30/4  | 3.60  | 4 / 1 |
|                      |               |                |           |                |                       | 3 Inflation rate 5%             | 4.35      | 4.35      | 3.64               | 4.31  | 30/4  | 3.60  | 4 / 1 |
|                      |               |                |           |                |                       | 4 Inflation rate 10%            | 4.35      | 4.35      | 3.64               | 4.31  | 30/4  | 3.60  | 4 / 1 |
|                      |               |                |           |                |                       | 5 Up to 5 years                 | 4.09      | 4.09      | 3.51               | 4.13  | 30/4  | 3.43  | 4 / 1 |
|                      |               |                |           |                |                       | 6 Inflation rate 10%            | 4.09      | 4.09      | 3.51               | 4.13  | 30/4  | 3.43  | 4 / 1 |
|                      |               |                |           |                |                       | 7 Bonds & Loans                 | 13.87     | 13.94     | 12.05              | 16.70 | 30/4  | 13.01 | 15/1  |
|                      |               |                |           |                |                       | 8 5 years                       | 12.79     | 12.82     | 11.70              | 14.48 | 26/4  | 12.27 | 12/1  |
|                      |               |                |           |                |                       | 9 15 years                      | 12.54     | 12.49     | 11.35              | 13.89 | 4 / 5 | 11.99 | 2 / 1 |
|                      |               |                |           |                |                       | 10 Preference                   | 12.65     | 12.33     | 10.31              | 12.65 | 6 / 7 | 10.87 | 2 / 1 |

[illegible]

CONSTITUENT CHANGES: Euromoney Publications (32) has been deleted and replaced by T.T. Group (7). New holding company: General Accident Fire & Life Assurance Corporation (66) has become General Accident PLC.

The market capitalisation of the groups and sub-sections of the FT-Actuaries indices as at June 29, 1990, are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters.

| EQUITY GROUPS<br>& SUB-SECTIONS<br>(Figures in parentheses denote<br>number of stocks) |                            | Market<br>capitalization<br>\$ Bn.<br>Jun. 29, 1990 | % of<br>all<br>share<br>index | Market<br>capitalization<br>\$ Bn.<br>Mar. 30, 1990 | % of<br>all<br>share<br>index | Market<br>capitalization<br>\$ Bn.<br>Dec. 29, 1989 | % of<br>all<br>share<br>index |       |
|--|----------------------------|---|-------------------------------|---|-------------------------------|---|-------------------------------|-------|
| 1  | CAPITAL GOODS GROUP        | (195)   | 78,518.8                      | 17.02   | 74,225.5                      | 16.99   | 80,801.0                      | 17.21 |
| 2  | Building Materials         | (24)  | 14,297.2                      | 3.10  | 12,782.4                      | 2.93  | 14,043.0                      | 2.99  |
| 3  | Contracting, Construction  | (26)  | 6,943.4                       | 1.48  | 6,401.4                       | 1.46  | 6,975.2                       | 1.46  |
| 4  | Electrical, Electronic     | (14)  | 1,987.1                       | 0.43  | 1,663.5                       | 0.38  | 1,663.5                       | 0.38  |
| 5  | Electronics                | (13)  | 10,559.4                      | 2.23  | 12,932.2                      | 2.96  | 14,109.7                      | 3.00  |
| 6  | Engineering-Aerospace      | (24)  | 5,141.9                       | 1.12  | 4,947.7                       | 1.12  | 5,141.9                       | 1.12  |
| 7  | Engineering-General        | (4)   | 8,226.9                       | 1.78  | 7,497.5                       | 1.72  | 7,925.5                       | 1.69  |
| 8  | Metals and Metal Forming   | (4)   | 4,296.9                       | 0.93  | 4,210.8                       | 0.96  | 4,296.9                       | 0.96  |
| 9  | Other                      | (11)  | 1,000.0                       | 0.21  | 1,000.0                       | 0.23  | 1,000.0                       | 0.23  |
| 10   | Other Industrial Materials | (14)  | 18,824.9                      | 4.06  | 18,025.3                      | 4.12  | 18,824.9                      | 4.06  |
| 11   | CONSUMER GOODS GROUP       | (175)   | 105,549.8                     | 23.05   | 102,500.0                     | 23.02   | 104,801.0                     | 23.02 |
| 12   | Bevered Foodstuffs         | (22)  | 27,210.7                      | 5.85  | 25,821.9                      | 5.85  | 25,629.2                      | 5.85  |
| 13   | Food Manufacturing         | (20)  | 20,249.3                      | 4.39  | 18,972.4                      | 4.34  | 20,249.3                      | 4.34  |
| 14   | Food Service               | (13)  | 1,491.0                       | 0.32  | 1,374.2                       | 0.31  | 1,491.0                       | 0.31  |
| 15   | Health and Household       | (15)  | 31,444.6                      | 6.87  | 30,207.9                      | 6.91  | 33,027.4                      | 7.03  |
| 16   | Liquor                     | (12)  | 3,712.7                       | 0.80  | 3,539.7                       | 0.83  | 3,712.7                       | 0.83  |
| 17   | Luggage and Leather        | (12)  | 3,572.7                       | 0.77  | 3,125.3                       | 0.69  | 2,986.3                       | 0.61  |
| 18   | Textiles and Apparel       | (12)  | 5,627.2                       | 1.27  | 5,588.2                       | 1.27  | 5,627.2                       | 1.27  |
| 19   | Textiles and Printing      | (12)  | 2,746.7                       | 0.59  | 2,746.7                       | 0.61  | 2,746.7                       | 0.61  |
| 20   | Tobacco                    | (12)  | 2,144.7                       | 0.46  | 2,187.5                       | 0.49  | 2,144.7                       | 0.46  |
| 21   | Tobacco                    | (12)  | 10,727.7                      | 2.32  | 9,671.6                       | 2.19  | 10,727.7                      | 2.32  |
| 22   | OTHER GROUPS               | (10)  | 10,727.7                      | 2.32  | 10,727.7                      | 2.32  | 10,727.7                      | 2.32  |
| 23   | Chemicals                  | (22)  | 36,947.0                      | 8.07  | 34,404.0                      | 7.73  | 36,947.0                      | 8.07  |
| 24   | Commodities                | (13)  | 20,363.1                      | 4.41  | 18,767.2                      | 4.31  | 20,363.1                      | 4.41  |
| 25   | Energy                     | (13)  | 10,571.4                      | 2.29  | 9,777.9                       | 2.24  | 10,571.4                      | 2.29  |
| 26   | Transportation             | (13)  | 2,494.6                       | 0.54  | 2,268.4                       | 0.51  | 2,494.6                       | 0.54  |
| 27   | Telephone Networks         | (7)   | 10,000.0                      | 2.19  | 9,777.9                       | 2.24  | 10,000.0                      | 2.19  |
| 28   | Water                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 29   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 30   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 31   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 32   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 33   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 34   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 35   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 36   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 37   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 38   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 39   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 40   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 41   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 42   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 43   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 44   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 45   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 46   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 47   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 48   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 49   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 50   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 51   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 52   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 53   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 54   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 55   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 56   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 57   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 58   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 59   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 60   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 61   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 62   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 63   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 64   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 65   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 66   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 67   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 68   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 69   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 70   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 71   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 72   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 73   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 74   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 75   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 76   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 77   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 78   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 79   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 80   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 81   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 82   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 83   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 84   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 85   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 86   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 87   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 88   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 89   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 90   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 91   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 92   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 93   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 94   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 95   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 96   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 97   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 98   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 99   | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |
| 100  | Waste                      | (7)   | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  | 1,000.0                       | 0.21  |

**FINANCIAL TIMES**

**FINANCIAL TIMES**  
ECONOMICS & BUSINESS NEWSPAPER

**FREEPHONE GLOBE LINE**

**0800 666 602**

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# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

### Dollar and sterling stronger

THE DOLLAR had a firmer tone on the foreign exchanges as analysts tried to decipher confusing US employment data. Growth in June non-farm payrolls was expected to be in the region of 100,000, but the figure rose only 40,000. Such a weak number could be expected to encourage speculation about an easing of the Federal Reserve's monetary stance, but any such hopes were countered by a surprisingly large upward revision in May jobs growth to 358,000 from 164,000.

Trading in London finished on a cautious note, but in general the dollar gained ground in the belief that the figures are unlikely to lead to any early reduction in US interest rates. The dollar rose to DM1.6540 from DM1.6490; to ¥150.55 from ¥150.75; to SFr1.4015 from SFr1.3985; and to FF5.5525 from FF5.5350. According to the Bank of England, the dollar's index advanced to 86.2 from 86.1.

Sterling remained strong, on

expectations that London interest rates will stay firm for some time. The pound was supported by comments from Mr John Major, the UK Chancellor. He told the Welsh Conservative Party conference that controlling domestic demand is taking longer than expected. Mr Major added that "disappointingly, we have yet to see the RPI (Retail Price Index) turn down, and I fear that it will be a while before it does so decisively." Mr Major went on to say that "I have no intention of relaxing monetary policy prematurely."

At the London close sterling had climbed 60 points to \$1.7885. It had also risen to DM2.9550 from DM2.9350; to ¥289.75 from ¥289.50; and to SFr2.5025 from SFr2.4905; and to FF9.9200 from FF9.8550. On Bank of England figures the pound's index rose 0.4 to 88.1.

The D-Mark was steady, but remained close to the bottom of the European Monetary Sys-

tem exchange rate mechanism. There was no reaction to a move by the West German Bundesbank to add reserves to the Frankfurt money market. Call money held steady around the 8 per cent Lombard emergency financing rate after the Bundesbank provided an extra DM5.6bn at a securities repurchase agreement tender for 5-day funds. Earlier this week the central bank drained a net DM5.5bn at a regular tender, but dealers regarded yesterday's move as a flexible response to the problems caused by German monetary union, and not a change in policy.

There was no sign of intervention by the Bank of Spain or the Bank of France as the Spanish peseta threatened to burst through its maximum limit within the EMS against the weakest placed French franc. The peseta finished at FF5.4760 per 100 in terms of the franc, only slightly below its ceiling of FF5.4785.

## FINANCIAL FUTURES AND OPTIONS

**LIFFE LONG GULF FUTURES OPTIONS**  
\$250,000 points of 100%

| Strike | Call | Put  | Call | Put  |
|--------|------|------|------|------|
| 90     | 4.05 | 5.15 | 0.20 | 0.20 |
| 91     | 3.15 | 4.25 | 0.10 | 0.10 |
| 92     | 2.25 | 3.35 | 0.05 | 0.05 |
| 93     | 1.35 | 2.45 | 0.02 | 0.02 |
| 94     | 0.45 | 1.55 | 0.01 | 0.01 |
| 95     | 0.55 | 0.65 | 0.01 | 0.01 |
| 96     | 0.40 | 0.50 | 0.01 | 0.01 |
| 97     | 0.30 | 0.40 | 0.01 | 0.01 |

Estimated volume total, Call 3116 Put 1536  
Previous day's open int. Call 3041 Put 1554

**LIFFE US TREASURY BOND FUTURES OPTIONS**  
\$100,000 points of 100%

| Strike | Call | Put  | Call | Put  |
|--------|------|------|------|------|
| 90     | 2.45 | 4.05 | 0.10 | 0.10 |
| 91     | 1.55 | 3.15 | 0.05 | 0.05 |
| 92     | 0.65 | 2.25 | 0.02 | 0.02 |
| 93     | 0.15 | 1.35 | 0.01 | 0.01 |
| 94     | 0.05 | 0.45 | 0.01 | 0.01 |
| 95     | 0.02 | 0.02 | 0.01 | 0.01 |
| 96     | 0.01 | 0.01 | 0.01 | 0.01 |
| 97     | 0.01 | 0.01 | 0.01 | 0.01 |

Estimated volume total, Call 23 Put 42  
Previous day's open int. Call 1247 Put 1309

**LIFFE BOND FUTURES OPTIONS**  
£250,000 points of 100%

| Strike | Call | Put  | Call | Put  |
|--------|------|------|------|------|
| 90     | 1.55 | 2.75 | 0.05 | 0.05 |
| 91     | 0.65 | 1.85 | 0.02 | 0.02 |
| 92     | 0.15 | 0.95 | 0.01 | 0.01 |
| 93     | 0.05 | 0.05 | 0.01 | 0.01 |
| 94     | 0.02 | 0.02 | 0.01 | 0.01 |
| 95     | 0.01 | 0.01 | 0.01 | 0.01 |
| 96     | 0.01 | 0.01 | 0.01 | 0.01 |
| 97     | 0.01 | 0.01 | 0.01 | 0.01 |

Estimated volume total, Call 2210 Put 519  
Previous day's open int. Call 2532 Put 4816

**LIFFE EUROSTOCK OPTIONS**  
£100,000 points of 100%

| Strike | Call | Put  | Call | Put  |
|--------|------|------|------|------|
| 90     | 0.55 | 0.55 | 0.05 | 0.05 |
| 91     | 0.45 | 0.45 | 0.04 | 0.04 |
| 92     | 0.35 | 0.35 | 0.03 | 0.03 |
| 93     | 0.25 | 0.25 | 0.02 | 0.02 |
| 94     | 0.15 | 0.15 | 0.01 | 0.01 |
| 95     | 0.05 | 0.05 | 0.01 | 0.01 |
| 96     | 0.02 | 0.02 | 0.01 | 0.01 |
| 97     | 0.01 | 0.01 | 0.01 | 0.01 |

Estimated volume total, Call 425 Put 350  
Previous day's open int. Call 5041 Put 1219

**LIFFE EUROSTOCK OPTIONS**  
£100,000 points of 100%

| Strike | Call | Put  | Call | Put  |
|--------|------|------|------|------|
| 90     | 0.75 | 0.75 | 0.02 | 0.02 |
| 91     | 0.65 | 0.65 | 0.01 | 0.01 |
| 92     | 0.55 | 0.55 | 0.01 | 0.01 |
| 93     | 0.45 | 0.45 | 0.01 | 0.01 |
| 94     | 0.35 | 0.35 | 0.01 | 0.01 |
| 95     | 0.25 | 0.25 | 0.01 | 0.01 |
| 96     | 0.15 | 0.15 | 0.01 | 0.01 |
| 97     | 0.05 | 0.05 | 0.01 | 0.01 |

Estimated volume total, Call 170 Put 0  
Previous day's open int. Call 3555 Put 1338

**LIFFE SHORT STERLING OPTIONS**  
£250,000 points of 100%

| Strike | Call | Put  | Call | Put  |
|--------|------|------|------|------|
| 90     | 0.55 | 0.55 | 0.05 | 0.05 |
| 91     | 0.45 | 0.45 | 0.04 | 0.04 |
| 92     | 0.35 | 0.35 | 0.03 | 0.03 |
| 93     | 0.25 | 0.25 | 0.02 | 0.02 |
| 94     | 0.15 | 0.15 | 0.01 | 0.01 |
| 95     | 0.05 | 0.05 | 0.01 | 0.01 |
| 96     | 0.02 | 0.02 | 0.01 | 0.01 |
| 97     | 0.01 | 0.01 | 0.01 | 0.01 |

Estimated volume total, Call 3964 Put 519  
Previous day's open int. Call 3506 Put 4816

**LONDON (LIFFE)**  
20-YEAR 1% HYPERINFLATION  
£250,000 points of 100%

| Strike | Call | Put  | Call | Put  |
|--------|------|------|------|------|
| 90     | 0.35 | 0.35 | 0.05 | 0.05 |
| 91     | 0.25 | 0.25 | 0.04 | 0.04 |
| 92     | 0.15 | 0.15 | 0.03 | 0.03 |
| 93     | 0.05 | 0.05 | 0.02 | 0.02 |
| 94     | 0.02 | 0.02 | 0.01 | 0.01 |
| 95     | 0.01 | 0.01 | 0.01 | 0.01 |
| 96     | 0.01 | 0.01 | 0.01 | 0.01 |
| 97     | 0.01 | 0.01 | 0.01 | 0.01 |

Estimated volume total, Call 425 Put 350  
Previous day's open int. Call 5041 Put 1219

**LIFFE EUROSTOCK OPTIONS**  
£100,000 points of 100%

| Strike | Call | Put  | Call | Put  |
|--------|------|------|------|------|
| 90     | 0.75 | 0.75 | 0.02 | 0.02 |
| 91     | 0.65 | 0.65 | 0.01 | 0.01 |
| 92     | 0.55 | 0.55 | 0.01 | 0.01 |
| 93     | 0.45 | 0.45 | 0.01 | 0.01 |
| 94     | 0.35 | 0.35 | 0.01 | 0.01 |
| 95     | 0.25 | 0.25 | 0.01 | 0.01 |
| 96     | 0.15 | 0.15 | 0.01 | 0.01 |
| 97     | 0.05 | 0.05 | 0.01 | 0.01 |

Estimated volume total, Call 170 Put 0  
Previous day's open int. Call 3555 Put 1338

**JAPANESE YEN (DM)**  
¥12.5m points of 100%

| Strike | Call | Put  | Call | Put  |
|--------|------|------|------|------|
| 90     | 0.65 | 0.65 | 0.05 | 0.05 |
| 91     | 0.55 | 0.55 | 0.04 | 0.04 |
| 92     | 0.45 | 0.45 | 0.03 | 0.03 |
| 93     | 0.35 | 0.35 | 0.02 | 0.02 |
| 94     | 0.25 | 0.25 | 0.01 | 0.01 |
| 95     | 0.15 | 0.15 | 0.01 | 0.01 |
| 96     | 0.05 | 0.05 | 0.01 | 0.01 |
| 97     | 0.02 | 0.02 | 0.01 | 0.01 |

Estimated volume total, Call 3964 Put 519  
Previous day's open int. Call 3506 Put 4816

**U.S. TREASURY BOND (DM)**  
\$100,000 points of 100%

| Strike | Call | Put  | Call | Put  |
|--------|------|------|------|------|
| 90     | 0.35 | 0.35 | 0.05 | 0.05 |
| 91     | 0.25 | 0.25 | 0.04 | 0.04 |
| 92     | 0.15 | 0.15 | 0.03 | 0.03 |
| 93     | 0.05 | 0.05 | 0.02 | 0.02 |
| 94     | 0.02 | 0.02 | 0.01 | 0.01 |
| 95     | 0.01 | 0.01 | 0.01 | 0.01 |
| 96     | 0.01 | 0.01 | 0.01 | 0.01 |
| 97     | 0.01 | 0.01 | 0.01 | 0.01 |

Estimated volume total, Call 425 Put 350  
Previous day's open int. Call 5041 Put 1219

**U.S. TREASURY BOND (DM)**  
\$100,000 points of 100%

| Strike | Call | Put  | Call | Put  |
|--------|------|------|------|------|
| 90     | 0.75 | 0.75 | 0.02 | 0.02 |
| 91     | 0.65 | 0.65 | 0.01 | 0.01 |
| 92     | 0.55 | 0.55 | 0.01 | 0.01 |
| 93     | 0.45 | 0.45 | 0.01 | 0.01 |
| 94     | 0.35 | 0.35 | 0.01 | 0.01 |
| 95     | 0.25 | 0.25 | 0.01 | 0.01 |
| 96     | 0.15 | 0.15 | 0.01 | 0.01 |
| 97     | 0.05 | 0.05 | 0.01 | 0.01 |

Estimated volume total, Call 170 Put 0  
Previous day's open int. Call 3555 Put 1338

**U.S. TREASURY BOND (DM)**  
\$100,000 points of 100%

| Strike | Call | Put  | Call | Put  |
|--------|------|------|------|------|
| 90     | 0.35 | 0.35 | 0.05 | 0.05 |
| 91     | 0.25 | 0.25 | 0.04 | 0.04 |
| 92     | 0.15 | 0.15 | 0.03 | 0.03 |
| 93     | 0.05 | 0.05 | 0.02 | 0.02 |
| 94     | 0.02 | 0.02 | 0.01 | 0.01 |
| 95     | 0.01 | 0.01 | 0.01 | 0.01 |
| 96     | 0.01 | 0.01 | 0.01 | 0.01 |
| 97     | 0.01 | 0.01 | 0.01 | 0.01 |

Estimated volume total, Call 425 Put 350  
Previous day's open int. Call 5041 Put 1219

## STERLING INDEX

| Index | July 6 | July 7 | July 8 |
|-------|--------|--------|--------|
| 1000  | 91.1   | 91.2   | 91.2   |
| 1100  | 91.1   | 91.2   | 91.2   |
| 1200  | 91.1   | 91.2   | 91.2   |
| 1300  | 91.1   | 91.2   | 91.2   |
| 1400  | 91.1   | 91.2   | 91.2   |
| 1500  | 91.1   | 91.2   | 91.2   |
| 1600  | 91.1   | 91.2   | 91.2   |
| 1700  | 91.1   | 91.2   | 91.2   |
| 1800  | 91.1   | 91.2   | 91.2   |
| 1900  | 91.1   | 91.2   | 91.2   |
| 2000  | 91.1   | 91.2   | 91.2   |

## CURRENCY RATES

| Currency           | Rate    | Change  |
|--------------------|---------|---------|
| US Dollar          | 1.7885  | +0.0005 |
| German Mark        | 2.9550  | +0.0200 |
| Japanese Yen       | 289.75  | +0.25   |
| Swiss Franc        | 2.5025  | +0.0125 |
| French Franc       | 9.9200  | +0.0650 |
| Italian Lira       | 1336.00 | +0.00   |
| Spanish Peseta     | 166.64  | +0.00   |
| Portuguese Escudo  | 200.48  | +0.00   |
| Belgian Franc      | 36.36   | +0.00   |
| Dutch Guilder      | 1.8336  | +0.00   |
| Australian Dollar  | 1.5400  | +0.00   |
| New Zealand Dollar | 1.2400  | +0.00   |
| South African Rand | 6.5000  | +0.00   |
| British Pound      | 1.0000  | +0.00   |

## CURRENCY MOVEMENTS

| Currency           | Rate    | Change  |
|--------------------|---------|---------|
| US Dollar          | 1.7885  | +0.0005 |
| German Mark        | 2.9550  | +0.0200 |
| Japanese Yen       | 289.75  | +0.25   |
| Swiss Franc        | 2.5025  | +0.0125 |
| French Franc       | 9.9200  | +0.0650 |
| Italian Lira       | 1336.00 | +0.00   |
| Spanish Peseta     | 166.64  | +0.00   |
| Portuguese Escudo  | 200.48  | +0.00   |
| Belgian Franc      | 36.36   | +0.00   |
| Dutch Guilder      | 1.8336  | +0.00   |
| Australian Dollar  | 1.5400  | +0.00   |
| New Zealand Dollar | 1.2400  | +0.00   |
| South African Rand | 6.5000  | +0.00   |
| British Pound      | 1.0000  | +0.00   |

## OTHER CURRENCIES

| Currency          | Rate   | Change |
|-------------------|--------|--------|
| Argentine Peso    | 166.64 | +0.00  |
| Brazilian Real    | 1.5400 | +0.00  |
| Canadian Dollar   | 1.2400 | +0.00  |
| Chinese Yuan      | 6.5000 | +0.00  |
| Indian Rupee      | 1.5400 | +0.00  |
| Israeli Sheqel    | 1.2400 | +0.00  |
| Kenyan Shilling   | 1.2400 | +0.00  |
| Malaysian Ringgit | 1.2400 | +0.00  |
| Mexican Peso      | 1.2400 | +0.00  |
| Nigerian Naira    | 1.2400 | +0.00  |
| Pakistani Rupee   | 1.2400 | +0.00  |
| Sri Lankan Rupee  | 1.2400 | +0.00  |
| Taiwan Dollar     | 1.2400 | +0.00  |
| Thai Baht         | 1.2400 | +0.00  |
| US Dollar         | 1.2400 | +0.00  |

## FORWARD RATES

| Currency           | Rate    | Change  |
|--------------------|---------|---------|
| US Dollar          | 1.7885  | +0.0005 |
| German Mark        | 2.9550  | +0.0200 |
| Japanese Yen       | 289.75  | +0.25   |
| Swiss Franc        | 2.5025  | +0.0125 |
| French Franc       | 9.9200  | +0.0650 |
| Italian Lira       | 1336.00 | +0.00   |
| Spanish Peseta     | 166.64  | +0.00   |
| Portuguese Escudo  | 200.48  | +0.00   |
| Belgian Franc      | 36.36   | +0.00   |
| Dutch Guilder      | 1.8336  | +0.00   |
| Australian Dollar  | 1.5400  | +0.00   |
| New Zealand Dollar | 1.2400  | +0.00   |
| South African Rand | 6.5000  | +0.00   |
| British Pound      | 1.0000  | +0.00   |

## MONEY MARKETS

### UK rates stay firm

ANOTHER VERY large shortage of credit on the London money market, comments on inflation by Mr John Major, the UK Chancellor, and confusing US employment data kept sterling interest rates steady to firm yesterday. Three-month interbank rates were unchanged at 15-14% per cent and 12-month money rose to 14-14% per cent from 14-14%.

Mr Major's suggestion that it will be a while before UK inflation falls decisively also led to a weakening of short sterling

at 14% per cent. In the afternoon \$810m bills were bought outright, via £24m Treasury bills in band 1 at 14% per cent; £7m bank bills in band 1 at 14% per cent; £11m Treasury bills in band 2 at 14% per cent; and £78m bank bills in band 2 at 14% per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £742m, with a rise in the note circulation absorbing £500m, and bank balances below target £135m. These outweighed Exchequer transactions adding £125m to liquidity.

At the weekly UK Treasury bills tender the average rate of discount on 91-day bills rose to 14.34% from 14.31% per cent. The top accepted rate of discount was unchanged at 14.39% per cent. This was equal to a price of 95.42%, and bids at that level received about 47 per cent of the amount applied for. The £500m bills on offer attracted bids of £2.17bn. The average rate of discount on £200m of 182-day bills rose to 13.71% from 13.71% per cent. These met applications of £764m.

Next week another £500m of 91-day bills will be offered, replacing similar maturities of £200m and £200m of 182-day bills will be offered replacing maturities of £100m.

## FT GUIDE TO WORLD CURRENCIES

### Every Tuesday in the FT

## FT LONDON INTERBANK FIXING

| Rate  | Change |
|-------|--------|
| 11.00 | +0.00  |
|       |        |



## LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange's settlement system. They are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 53(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

† Bargains at special prices. ‡ Bargains done the previous day.

## British Funds, etc

No. of bargains included 521

Guaranteed Export Finance Corp PLC

125% Gd Ln Stk 2002/Reg - £103.9

Corporation and County

Securities No. of bargains included 108

General London Council 11% Stk 1992

2002/Reg - £103.9

Birmingham City Council 11% Stk 2002

2002/Reg - £103.9

Nottingham City Council 11% Stk 2002

2002/Reg - £103.9

Leeds City Council 11% Stk 2002

2002/Reg - £103.9

Manchester City Council 11% Stk 2002

2002/Reg - £103.9

Sheffield City Council 11% Stk 2002

2002/Reg - £103.9

UK Public Bonds

No. of bargains included 2

Agricultural Mortgage Corp PLC 5% Deb

Stk 2002/Reg - £103.9

Metropolitan Waterworks Corp PLC 5% Deb

Stk 2002/Reg - £103.9

Foreign Stocks, Bonds, etc (coupons payable in London)

No. of bargains included 38

Abney National Building Society 10% Stk

2002/Reg - £103.9

Abney National Building Society 10% Stk

2002/Reg - £103.9

Abney National Building Society 10% Stk

2002/Reg - £103.9

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Abney National Building Society 10% Stk

2002/Reg - £103.9

Abney National Building Society 10% Stk

2002/Reg - £103.9

Abney National Building Society 10% Stk

2002/Reg - £103.9

## Sterling Issues by Overseas

No. of bargains included 48

Abney National Building Society 10% Stk

2002/Reg - £103.9

Abney National Building Society 10% Stk

2002/Reg - £103.9

Abney National Building Society 10% Stk

2002/Reg - £103.9

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**AA Friendly Society**  
Georgetown, Mont. M & S Ins. Mont.  
AA Friendly Soc. July 13, 1971 176

**Abbey Life Assurance Co Ltd**  
80 Henderson Road, Richmond  
Prop. Ser. 1 293.7 30  
Equty Ser. 2 452.5 47  
Prop. Ass. Ser. 2 157.0 16  
Equty Ser. 2 352.0 37  
Solvment Acc. 362.0 37  
Prop. Ser. 4 360.3 37  
Equty Ser. 4 150.2 16  
Mon. Ser. 4 162.0 17  
Equty Ser. 4 217.7 22  
Indced Ins. Ser. 4 145.5 15  
American Ser. 318.5 33  
Japan Ser. 4 249.4 25  
European Ser. 4 128.9 13



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## AMERICA

## Bargain-hunting helps Dow rise in thin volume

## Wall Street

**BARGAIN-HUNTING** after Thursday's decline helped push stocks broadly higher yesterday morning in very quiet trading, writes Karen Zagor in New York.

At 2 pm, the Dow Jones Industrial Average was quoted 17.57 higher at 2,896.78. On Thursday, the Dow fell 32.42 to 2,879.71. Advancing issues led those declining by a ratio of five to eight.

Equity prices were initially hit by an early round of selling after the release of employment data for June, which showed a smaller-than-expected increase in non-farm payrolls.

However, it turned out that the increase in May payrolls had been revised sharply upwards, to 356,000 from 164,000, and the jobless rate slipped to 5.3 per cent.

A number of blue chip issues posted gains, including IBM, up \$1 at \$118.5, American Telephone and Telegraph, rising \$1 to \$38.4, Merck, increasing \$1 to \$56.5, Philip Morris, gaining \$1 to \$45.5, and Coca-Cola, adding \$1 to \$44.5.

Union Carbide gained \$1 to \$19.5 after reports that analysts considered the stock price relatively cheap.

Panhandle Eastern, which has been shipping all week amid worries that the company might reduce its dividend, lost another \$2 to \$15.9 in heavy trading.

Boeing gained \$1 to \$60.5. The Seattle, Washington-based aircraft-maker expected to cut its workforce by about 2,700 during the second half of this year, bringing projected job losses for the year to 5,600 from an earlier estimate of 5,000.

Gannett dropped \$1 to \$36.5. The company expects to report its first decline in quarterly earnings in 22 years.

Arco Chemical dropped \$1 to \$38.5 after an explosion at its plant in Channelview, Texas, which killed more than 14 people.

Quantum Chemical fell \$1 to \$15.5 on reports that Goldman Sachs had lowered its earnings estimates for the company and recommended sale of the stock.

In over-the-counter trading, Meck Trucks added \$1 to \$6.5 after Renault said it would launch a \$5-a-share bid for the shares it did not already own.

Renault has a 44.5 per cent stake in Mack.

Concerns about lower-than-expected second quarter earnings continued to hit second-quarter market issues. Sun Sports-wear plunged \$2 to \$7.4 on expectations of a considerable decline in second quarter profits after a 12 per cent slump in sales from \$25.1m a year ago.

St Paul Bancorp fell \$1 to \$9.5 after the company reported a second quarter loss of \$1.72 a share, against income of 45 cents a share a year ago.

**Canada**

**EARLY LOSSES** were mostly recovered in Toronto by mid-session, after the US jobs figures caused some confusion in the market.

The composite index fell 2.5 to 3,549.0 on volume of 8.8m shares. Declines led advances by 183 to 158.

Cominco was flat at C\$26. The United Steelworkers of America said that it had served Cominco with a 72-hour strike notice.

Among active issues, Crown lost C\$4 to C\$55, Canadian Pacific rose C\$3 to C\$20.5, Laidlaw gained C\$4 to C\$27.5 and International Semi-Tech firmed C\$4 to C\$7.

## WORLD STOCK MARKETS

## Foreigners take initiative in New Zealand

Yet an improved economic outlook has not lured back the locals, says Dai Hayward

**FOREIGN** investors are driving the New Zealand share market, but only in second gear. The locals are less confident, especially the smaller investors who fled the share market after the disastrous losses in the 1987 crash and who have still not returned.

Practically all local activity is institutional. The market has been lethargic for some months, relieved only by short-lived spurts before sinking back again.

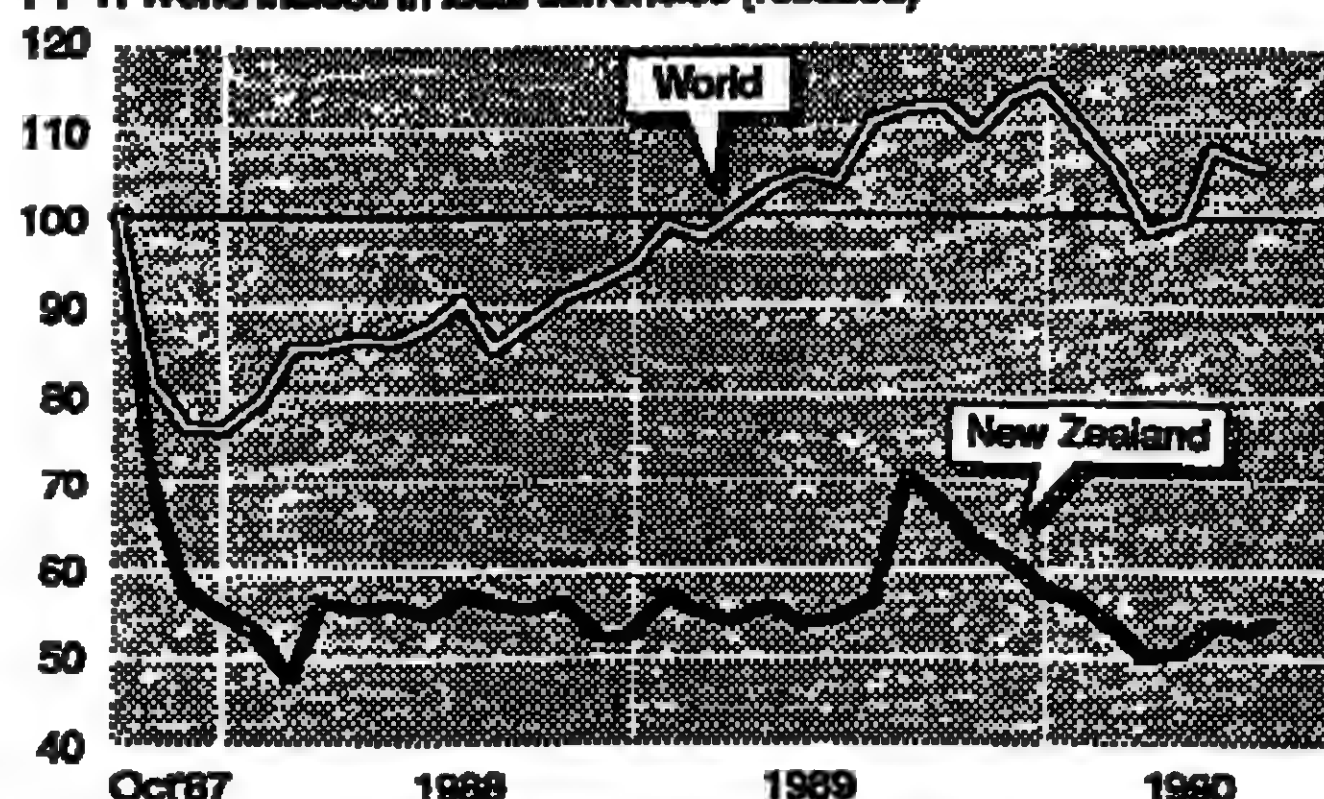
This week has seen an improvement, but falls outnumbered rises on most days of the previous fortnight, and practically all attention was concentrated on the top half-dozen leading stocks.

New Zealand fund managers have been reluctant to commit funds before the sale and public flotation of Telecom New Zealand. With the NZ\$4.25m (US\$2.5m) sale announced and the knowledge that the first of three public Telecom offers will not be made until next March, they are now expected to show a little more interest.

The Barclays index of the 40 top stocks bottomed earlier this year at 1,800, well below its high point of 3,989 in September, 1987. In the first three months of this year it seriously underperformed all leading markets in the world. In the three months to June 30 it was more stable, but only a little better than the average.

There were several moves last week which looked promising. They included the acquisition by the forestry combine, Carter Holt Harvey, of Elders

FT-A World Index in local currencies (rebased)



Resources NZFP in what appears to be a favourable deal for Carter Holt.

However, there was little offshore interest last week, partly because the New Zealand dollar rose marginally against the Australian counterpart, and this again highlighted the influence that foreign investment now has on New Zealand markets.

In addition, most of the overseas interest and investment has come from the Asian

region, with strong representation from Taiwan. This year, Taiwan has had problems of its own, but several New Zealand brokers have been doing the rounds of Taiwan investment houses to stimulate interest in the New Zealand market and this seems to be producing some results.

Australia and the US are also making their presence felt. Japan has shown a lot of interest, but this has yet to be translated into any significant level of investment.

Foreign investors are focusing almost exclusively on the top half dozen shares - Fletcher Challenge, Brierley Investments, Robert Jones, Carter Holt, Lion Nathan, Goodman Fielder Wattle - and one or two others. These companies, with offshore subsidiaries or diversified interests, should be able to take advantage of the expected improvement in the economy, or currency fluctuations.

Within New Zealand there is resistance on the economic front. Individual investors, remembering over-confident, exaggerated forecasts during

the boom days, distrust most economic predictions. They prefer to put their cash into bank deposits, which provide a guaranteed return of 13 or 14 per cent compared with the 4 per cent inflation rate.

However, current economic statistics include falling inflation, an improved balance of payments, the lowering of overseas debt and other optimistic trends. That may be one reason why overseas managers and institutions are taking a more positive view of New Zealand equities.

**Analysts and brokers** expect an increased flow of foreign investment over the next two or three weeks, in anticipation of the New Zealand budget on July 24. In New York recently, Merrill Lynch took a bullish view of the New Zealand economy and recommended buying New Zealand bonds. Other financial service organisations have pointed out that the country's bond market, offering an 8 per cent real rate of return, should attract increasing foreign attention.

**MANILA** ended 1 per cent lower on the week as the composite index recovered 3.19 to 878.67. **SEOUL** affected scepticism about news that North Korea would offer to open its borders with the south: the composite index closed 6.93 lower at 716.17, 0.5 per cent down on the week.

**SINGAPORE** was mixed, the Straits Times Industrial Index rising 2.50 to 1,535.98, up 0.6 per cent on the week, and turnover from \$810m to \$818m.

There was further interest in automobile stocks on optimism about the growth potential for the car and spare part markets.

**KUALA LUMPUR** recovered early losses to finish with the composite index 0.88 higher at 583.86, a rise of 1.6 per cent over the week. Volume swelled to 3.6m shares from 3.4m, with activity centred on speculative and low-priced stocks.

**BOMBAY** hit a new high despite profit-taking, the BSE index closing up 13.22 at 896.25, 5.4 per cent better on the week.

## EUROPE

## Senior bourses move up in late trading revival

**SENIOR** bourses seemed to want to go higher yesterday, although some of them waited most of the day before they made their move, writes Our Markets Staff.

**FRANKFURT** finished a rewarding week, after earlier fears about monetary union with East Germany, with the DAX index climbing 18.69 to 1,982.80 late in the day to show a 2.8 per cent gain over five working days. Earlier, the FAZ had closed virtually unchanged at 814.22 at mid-session, 2.3 per cent better on the week.

Fears of East German over-inflation and higher interest rates were allayed. The Bundesbank said yesterday that East Germans, who could have withdrawn about DM30bn in cash this week, drew out only DM4.5bn.

Financial stocks were strong again, Deutsche Bank leading its sector up with a DM9.20 rise to DM28.25. Allianz and Munich Re reflected the excitement about insurance company assets after the highly-priced DM53 and DM60 to DM2.988 and DM2.610 respectively.

Mannesmann's rights issue has had the opposite effect. The shares fell DM4 to DM24.50 yesterday after a drop of DM12 on Thursday, still trading in relatively high turnover of DM574m against DM568m on Thursday. Overall, volume fell from DM3.5bn to DM7.5bn, indicating once again that the excitement in share prices came late in the day, and the claims that the foreign investor had returned to the market were overstated.

**AMSTERDAM** was firmer and busier, with CSM, the sugar and food group, leading gains. CSM rose F13.70 to a year's high of F138.40; it is to buy a number of confectionery companies with well-known brands names from Douwe Egberts, Sara Lee's Dutch subsidiary.

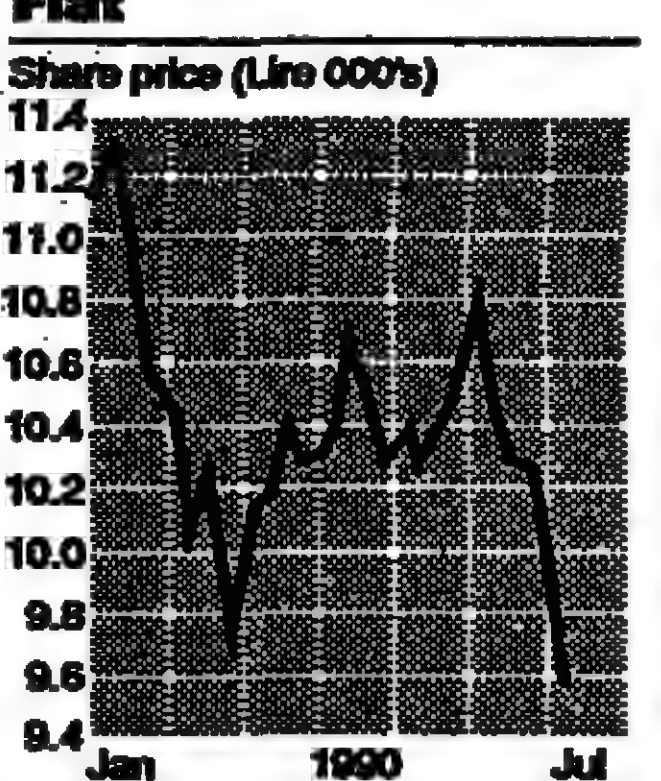
In contrast to most blue chips, Philips fell 30 cents to F10.20 after Amro, the bank, downgraded the shares; Amro said that the company's

restructuring plans, announced last Monday, were too vague. Philips said yesterday that it was in talks to sell its Dutch transport business to Nedlloyd, the transport and shipping group. Nedlloyd rose 10 cents to F17.10.

The CBS tendency index rose 0.3 to 119.6, reducing its fall over the week to 1.4 per cent.

**MILAN**, depressed by profit warnings from Fiat and Olivetti, heard talk of a broker in Milan and a virtual change of control. The index dropped 9.14 to 729.49, a fall on the week of 3.2 per cent. Fiat was hit especially hard.

## Flat



falling L156 to L9,595 and reaching L9,530 in late trading after its components unit, Magneti Marelli, warned analysts at a presentation in Milan that 1990 operating earnings could be halved compared with 1989's. Magneti Marelli lost L126 to L165.

**PARIS** shook off the depression of recent sessions, partly in relief at Wall Street's stronger opening. Although the CAC 40 index ended little changed at 2,001.90, up 1.92, it picked up from a low of 1,989.44 and there was an improvement in turnover to an estimated FF2.2bn. The index lost 1.6 per cent in the week.

Construction and materials stocks performed well. One analyst said that the sector, protected from foreign competition, was at a strong stage of its cycle. There were also

reports that the Government would put money saved from defence budget cuts into homes, schools and roads.

Large Copper, the cement producer, jumped FF2.10 or 4.7 per cent, to FF466 with 290,950 shares traded, and Imetal rose FF10 to FF355. Interest in Dumez, the building group, was more speculative; there were rumours of a raid, with Lyonaise des Baux's name mentioned; talk that the family shareholders, who own 30 per cent, were not united; and expectations that CGE could sell its 4.5 per cent stake.

Eurotunnel gained FF1.80 to FF48.30 in improved turnover. Recent selling was said to have been overdone. Casino, the supermarket group, finished FF1.50 higher at FF125.50 in active trading of 301,100 shares, after falling to FF120.20 on initial disappointment with a forecast to trade unions of lower earnings and job cuts.

**ZURICH** focused on banks as the Swiss consumer price index for June showed a slight slowdown in inflation, and hopes grew that interest rates had peaked. Union Bank rose SF2.60 to SF2.70, the most active stock. About SK21m worth of shares were traded, including SK5.3m in Volvo B shares, which rose SK4 to SK24.1. Volvo is perceived as being undervalued.

Elsewhere, Ericsson rose Bs lost SK19 to SK1.380 after rising earlier in the week on the strength of its order book.

**MADRID** saw further profit-taking after its 6 per cent rise in the 11 days to July 4. The general index eased 0.89 to 288.23, for a rise of 0.8 per cent since the previous Friday. Analysts are pinning hopes on a rise in the June inflation figure, to be announced on Thursday, of about 0.4-0.5 points.

**JOHANNESBURG** finished mixed in cautious trading. Gold stocks were little changed while the JSE overall index lost 9 to 3,085. De Beers lost 26 cents to R93.50 after its Q2 1990 sales figures, announced late on Thursday.

## Tokyo

**ARBITRAGE** buying wiped out early losses yesterday, as shares closed slightly higher in lower volume, writes Martina Cannon in Tokyo.

Investors were not active buyers because of the uncertainty about the future of interest rates, fuelled by the strength of the dollar. Interest rate fears had all but vanished midweek as the yen rose, but the renewed weakness of the Japanese currency caused the bond market to waver, which in turn affected equities. Investors also held back before yesterday's release of the US employment data for June.

The Nikkei average ended at 32,445.12, up 34.45 on the day. The Nikkei 225 index, which expected its pre-tax profits to level off in the year to December 1991, lost Y9 to Y61.

In the Osaka market, trading remained brisk, with volume rising to 64m shares from Thursday's 58m. The OSE average fell 62.61 to 35,897.12.

## Roundup

**THE ONLY** significant winner among Asia Pacific markets yesterday was Taiwan which, nevertheless, remains 62.4 per cent lower since it reached a

## rose Y110 to Y2,060.

Telecommunication issues and paper and pulp stocks attracted interest. NEC rose 1.50 to Y1,130, the most active stock. NEC, which expected its pre-tax profits to level off in the year to December 1991, lost Y9 to Y61.

In the Osaka market, trading remained brisk, with volume rising to 64m shares from Thursday's 58m. The OSE average fell 62.61 to 35,897.12.

**ROUNDUP**

**THE ONLY** significant winner among Asia Pacific markets yesterday was Taiwan which, nevertheless, remains 62.4 per cent lower since it reached a

record high in February. **TAIWAN** bounced back after a four-day decline, with the weighted index ending at 4,658.20, or 3.7 per cent, above Thursday's close, which had been its lowest level for more than two years. The index dropped 9 per cent on the week. The banking sector led yesterday's recovery, and turnover grew to T\$41.6m from Thursday's T\$39.9m.

There was speculation that foreign investors would soon be allowed to invest directly in Taipei. The Securities and Exchange Commission also said that it was considering moves to encourage local institutions to hold stocks.

**AUSTRALIA** weakened slightly on profit-taking and in response to Wall Street's overnight fall. The All Ordinaries index fell 3.5 on the day to 1,554.2, but rose 3.6 per cent on the week. Turnover was A\$217m, up from A\$143m.

**NEW ZEALAND'S** Barclays index chalked up a weekly rise

of 2.2 per cent, and a gain of 2.55 points to 1,800.24 on the day, mostly on buying associated with a sharp fall in the New Zealand dollar against the Australian dollar.

**HONG KONG** ended mixed on the day, the Hang Seng index closing 1.17 higher at 3,367.61 as buyers reversed early sharp losses triggered by Wall Street's steep fall overnight, but it had a very positive week, scoring three post-1987 crash highs, and a 2.2 per cent gain on balance.

Turnover rose from HK\$1.65bn to HK\$1.82bn.

**BANGKOK** saw profit-taking in banking shares, with some falling by the 10 per cent daily limit. This pulled the SET index down 20.05 to 1,050.13, a fall of 1 per cent over the week. However, the index is still 38 per cent up on its low for this year, and Thailand's central bank said late yesterday that the economy would post real double-digit growth for the third consecutive year in 1990.

## LONDON SHARE SERVICE

| BRITISH FUNDS | 1990<br>High | Low | Stock | Price | +/- | Yld | Vol. | 1989<br>High | Low | Stock | Price | +/- | Yld | Vol. | BRITISH FUNDS - Contd | 1990<br>High | Low | Stock | Price | +/- | Yld | Vol. | AMERICANS - Contd | 1990<br>High | Low | Stock | Price | +/- | Yld | Vol. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| 1847 | 1846 | 1845 | 1844 | 1843 | 1842 | 1841 | 1840 | 1839 | 1838 | 1837 | 1836 | 1835 | 1834 | 1833 | 1832 | 1831 | 1830 | 1829 | 1828 | 1827 | 1826 | 1825 | 1824 | 1823 | 1822 | 1821 | 1820 | 1819 | 1818 | 1817 | 1816 | 1815 | 1814 | 1813 | 1812 | 1811 | 1810 | 1809 | 1808 | 1807 | 1806 | 1805 | 1804 | 1803 | 1802 | 1801 | 1800 | 1799 | 1798 | 1797 | 1796 | 1795 | 1794 | 1793 | 1792 | 1791 | 1790 | 1789 | 1788 | 1787 | 1786 | 1785 | 1784 | 1783 | 1782 | 1781 | 1780 | 1779 | 1778 | 1777 | 1776 | 1775 | 1774 | 1773 | 1772 | 1771 | 1770 | 1769 | 1768 | 1767 | 1766 | 1765 | 1764 | 1763 | 1762 | 1761 | 1760 | 1759 | 1758 | 1757 | 1756 | 1755 | 1754 | 1753 | 1752 | 1751 | 1750 | 1749 | 1748 | 1747 | 1746 | 1745 | 1744 | 1743 | 1742 | 1741 | 1740 | 1739 | 1738 | 1737 | 1736 | 1735 | 1734 | 1733 | 1732 | 1731 | 1730 | 1729 | 1728 | 1727 | 1726 | 1725 | 1724 | 1723 | 1722 | 1721 | 1720 | 1719 | 1718 | 1717 | 1716 | 1715 | 1714 | 1713 | 1712 | 1711 | 1710 | 1709 | 1708 | 1707 | 1706 | 1705 | 1704 | 1703 | 1702 | 1701 | 1700 | 1699 | 1698 | 1697 | 1696 | 1695 | 1694 | 1693 | 1692 | 1691 | 1690 | 1689 | 1688 | 1687 | 1686 | 1685 | 1684 | 1683 | 1682 | 1681 | 1680 | 1679 | 1678 | 1677 | 1676 | 1675 | 1674 | 1673 | 1672 | 1671 | 1670 | 1669 | 1668 | 1667 | 1666 | 1665 | 1664 | 1663 | 1662 | 1661 | 1660 | 1659 | 1658 | 1657 | 1656 | 1655 | 1654 | 1653 | 1652 | 1651 | 1650 | 1649 | 1648 | 1647 | 1646 | 1645 | 1644 | 1643 | 1642 | 1641 | 1640 | 1639 | 1638 | 1637 | 1636 | 1635 | 1634 | 1633 | 1632 | 1631 | 1630 | 1629 | 1628 | 1627 | 1626 | 1625 | 1624 | 1623 | 1622 | 1621 | 1620 | 1619 | 1618 | 1617 | 1616 | 1615 | 1614 | 1613 | 1612 | 1611 | 1610 | 1609 | 1608 | 1607 | 1606 | 1605 | 1604 | 1603 | 1602 | 1601 | 1600 | 1599 | 1598 | 1597 | 1596 | 1595 | 1594 | 1593 | 1592 | 1591 | 1590 | 1589 | 1588 | 1587 | 1586 | 1585 | 1584 | 1583 | 1582 | 1581 | 1580 | 1579 | 1578 | 1577 | 1576 | 1575 | 1574 | 1573 | 1572 | 1571 | 1570 | 1569 | 1568 | 1567 | 1566 | 1565 | 1564 | 1563 | 1562 | 1561 | 1560 | 1559 | 1558 | 1557 | 1556 | 1555 | 1554 | 1553 | 1552 | 1551 | 1550 | 1549 | 1548 | 1547 | 1546 | 1545 | 1544 | 1543 | 1542 | 1541 | 1540 | 1539 | 1538 | 1537 | 1536 | 1535 | 1534 | 1533 | 1532 | 1531 | 1530 | 1529 | 1528 | 1527 | 1526 | 1525 | 1524 | 1523 | 1522 | 1521 | 1520 | 1519 | 1518 | 1517 | 1516 | 1515 | 1514 | 1513 | 1512 | 1511 | 1510 | 1509 | 1508 | 1507 | 1506 | 1505 | 1504 | 1503 | 1502 | 1501 | 1500 | 1499 | 1498 | 1497 | 1496 | 1495 | 1494 | 1493 | 1492 | 1491 | 1490 | 1489 | 1488 | 1487 | 1486 | 1485 | 1484 | 1483 | 1482 | 1481 | 1480 | 1479 | 1478 | 1477 | 1476 | 1475 | 1474 | 1473 | 1472 | 1471 | 1470 | 1469 | 1468 | 1467 | 1466 | 1465 | 1464 | 1463 | 1462 | 1461 | 1460 | 1459 | 1458 | 1457 | 1456 | 1455 | 1454 | 1453 | 1452 | 1451 | 1450 | 1449 | 1448 | 1447 | 1446 | 1445 | 1444 | 1443 | 1442 | 1441 | 1440 | 1439 | 1438 | 1437 | 1436 | 1435 | 1434 | 1433 | 1432 | 1431 | 1430 | 1429 | 1428 | 1427 | 1426 | 1425 | 1424 | 1423 | 1422 | 1421 | 1420 | 1419 | 1418 | 1417 | 1416 | 1415 | 1414 | 1413 | 1412 | 1411 | 1410 | 1409 | 1408 | 1407 | 1406 | 1405 | 1404 | 1403 | 1402 | 1401 | 1400 | 1399 | 1398 | 1397 | 1396 | 1395 | 1394 | 1393 | 1392 | 1391 | 1390 | 1389 | 1388 | 1387 | 1386 | 1385 | 1384 | 1383 | 1382 | 1381 | 1380 | 1379 | 1378 | 1377 | 1376 | 1375 | 1374 | 1373 | 1372 | 1371 | 1370 | 1369 | 1368 | 1367 | 1366 | 1365 | 1364 | 1363 | 1362 | 1361 | 1360 | 1359 | 1358 | 1357 | 1356 | 1355 | 1354 | 1353 | 1352 | 1351 | 1350 | 1349 | 1348 | 1347 | 1346 | 1345 | 1344 | 1343 | 1342 | 1341 | 1340 | 1339 | 1338 | 1337 | 1336 | 1335 | 1334 | 1333 | 1332 | 1331 | 1330 | 1329 | 1328 | 1327 | 1326 | 1325 | 1324 | 1323 | 1322 | 1321 | 1320 | 1319 | 1318 | 1317 | 1316 | 1315 | 1314 | 1313 | 1312 | 1311 | 1310 | 1309 | 1308 | 1307 | 1306 | 1305 | 1304 | 1303 | 1302 | 1301 | 1300 | 1299 | 1298 | 1297 | 1296 | 1295 | 1294 | 1293 | 1292 | 1291 | 1290 | 1289 | 1288 | 1287 | 1286 | 1285 | 1284 | 1283 | 1282 | 1281 | 1280 | 1279 | 1278 | 1277 | 1276 | 1275 | 1274 | 1273 | 1272 | 1271 | 1270 | 1269 | 1268 | 1267 | 1266 | 1265 | 1264 | 1263 | 1262 | 1261 | 1260 | 1259 | 1258 | 1257 | 1256 | 1255 | 1254 | 1253 | 1252 | 1251 | 1250 | 1249 | 1248 | 1247 | 1246 | 1245 | 1244 | 1243 | 1242 | 1241 | 1240 | 1239 | 1238 | 1237 | 1236 | 1235 | 1234 | 1233 | 1232 | 1231 | 1230 | 1229 | 1228 | 1227 | 1226 | 1225 | 1224 | 1223 | 1222 | 1221 | 1220 | 1219 | 1218 | 1217 | 1216 | 1215 | 1214 | 1213 | 1212 | 1211 | 1210 | 1209 | 1208 | 1207 | 1206 | 1205 | 1204 | 1203 | 1202 | 1201 | 1200 | 1199 | 1198 | 1197 | 1196 | 1195 | 1194 | 1193 | 1192 | 1191 | 1190 | 1189 | 1188 | 1187 | 1186 | 1185 | 1184 | 1183 | 1182 | 1181 | 1180 | 1179 | 1178 | 1177 | 1176 | 1175 | 1174 | 1173 | 1172 | 1171 | 1170 | 1169 | 1168 | 1167 | 1166 | 1165 | 1164 | 1163 | 1162 | 1161 | 1160 | 1159 | 1158 | 1157 | 1156 | 1155 | 1154 | 1153 | 1152 | 1151 | 1150 | 1149 | 1148 | 1147 | 1146 | 1145 | 1144 | 1143 | 1142 | 1141 | 1140 | 1139 | 1138 | 1137 | 1136 | 1135 | 1134 | 1133 | 1132 | 1131 | 1130 | 1129 | 1128 | 1127 | 1126 | 1125 | 1124 | 1123 | 1122 | 1121 | 1120 | 1119 | 1118 | 1117 | 1116 | 1115 | 1114 | 1113 | 1112 | 1111 | 1110 | 1109 | 1108 | 1107 | 1106 | 1105 | 1104 | 1103 | 1102 | 1101 | 1100 | 1099 | 1098 | 1097 | 1096 | 1095 | 1094 | 1093 | 1092 | 1091 | 1090 | 1089 | 1088 | 1087 | 1086 | 1085 | 1084 | 1083 | 1082 | 1081 | 1080 | 1079 | 1078 | 1077 | 1076 | 1075 | 1074 | 1073 | 1072 | 1071 | 1070 | 1069 | 1068 | 1067 | 1066 | 1065 | 1064 | 1063 | 1062 | 1061 | 1060 | 1059 | 1058 | 1057 | 1056 | 1055 | 1054 | 1053 | 1052 | 1051 | 1050 | 1049 | 1048 | 1047 | 1046 | 1045 | 1044 | 1043 | 1042 | 1041 | 1040 | 1039 | 1038 | 1037 | 1036 | 1035 | 1034 | 1033 | 1032 | 1031 | 1030 | 1029 | 1028 | 1027 | 1026 | 1025 | 1024 | 1023 | 1022 | 1021 | 1020 | 1019 | 1018 | 1017 | 1016 | 1015 | 1014 | 1013 | 1012 | 1011 | 1010 | 1009 | 1008 | 1007 | 1006 | 1005 | 1004 | 1003 | 1002 | 1001 | 1000 | 999 | 998 | 997 | 996 | 995 | 994 | 993 | 992 | 991 | 990 | 989 | 988 | 987 | 986 | 985 | 984 | 983 | 982 | 981 | 980 | 979 | 978 | 977 | 976 | 975 | 974 | 973 | 972 | 971 | 970 | 969 | 968 | 967 | 966 | 965 | 964 | 963 | 962 | 961 | 960 | 959 | 958 | 957 | 956 | 955 | 954 | 953 | 952 | 951 | 950 | 949 | 948 | 947 | 946 | 945 | 944 | 943 | 942 | 941 | 940 | 939 | 938 | 937 | 936 | 935 | 934 | 933 | 932 | 931 | 930 | 929 | 928 | 927 | 926 | 925 | 924 | 923 | 922 | 921 | 920 | 919 | 918 | 917 | 916 | 915 | 914 | 913 | 912 | 911 | 910 | 909 | 908 | 907 | 906 | 905 | 904 | 903 | 902 | 901 | 900 | 899 | 898 | 897 | 896 | 895 | 894 | 893 | 892 | 891 | 890 | 889 | 888 | 887 | 886 | 885 | 884 | 883 | 882 | 881 | 880 | 879 | 878 | 877 | 876 | 875 | 874 | 873 | 872 | 871 | 870 | 869 | 868 | 867 | 866 | 865 | 864 | 863 | 862 | 861 | 860 | 859 | 858 | 857 | 856 | 855 | 854 | 853 | 852 | 851 | 850 | 849 | 848 | 847 | 846 | 845 | 844 | 843 | 842 | 841 | 840 | 839 | 838 | 837 | 836 | 835 | 834 | 833 | 832 | 831 | 830 | 829 | 828 | 827 | 826 | 825 | 824 | 823 | 822 | 821 | 820 | 819 | 818 | 817 | 816 | 815 | 814 | 813 | 812 | 811 | 810 | 809 | 808 | 807 | 806 | 805 | 804 | 803 | 802 | 801 | 800 | 799 | 798 | 797 | 796 | 795 | 794 | 793 | 792 | 791 | 790 | 789 | 788 | 787 | 786 | 785 | 784 | 783 | 782 | 781 | 780 | 779 | 778 | 777 | 776 | 775 | 774 | 773 | 772 | 771 | 770 | 769 | 768 | 767 | 766 | 765 | 764 | 763 | 762 | 761 | 760 | 759 | 758 | 757 | 756 | 755 | 754 | 753 | 752 | 751 | 750 | 749 | 748 | 747 | 746 | 745 | 744 | 743 | 742 | 741 | 740 | 739 | 738 | 737 | 736 | 735 | 734 | 733 | 732 | 731 | 730 | 729 | 728 | 727 | 726 | 725 | 724 | 723 | 722 | 721 | 720 | 719 | 718 | 717 | 716 | 715 | 714 | 713 | 712 | 711 | 710 | 709 | 708 | 707 | 706 | 705 | 704 | 703 | 702 | 701 | 700 | 699 | 698 | 697 | 696 | 695 | 694 | 693 | 692 | 691 | 690 | 689 | 688 | 687 | 686 | 685 | 684 | 683 | 682 | 681 | 680 | 679 | 678 | 677 | 676 | 675 | 674 | 673 | 672 | 671 | 670 | 669 | 668 | 667 | 666 | 665 | 664 | 663 | 662 | 661 | 660 | 659 | 658 | 657 | 656 | 655 | 654 | 653 | 652 | 651 | 650 | 649 | 648 | 647 | 646 | 645 | 644 | 643 | 642 | 641 | 640 | 639 | 638 | 637 | 636 | 635 | 634 | 633 | 632 | 631 | 630 | 629 | 628 | 627 | 626 | 625 | 624 | 623 | 622 | 621 | 620 | 619 | 618 | 617 | 616 | 615 | 614 | 613 | 612 | 611 | 610 | 609 | 608 | 607 | 606 | 605 | 604 | 603 | 602 | 601 | 600 |  |
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## LONDON SHARE SERVICE

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## MOTORS, AIRCRAFT, TRADES

| 1990 | 1989 | 1988 | 1987 | 1986 | 1985 | 1984 | 1983 | 1982 | 1981 | 1980 | 1979 | 1978 | 1977 | 1976 | 1975 | 1974 | 1973 | 1972 | 1971 | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 | 1964 | 1963 | 1962 | 1961 | 1960 | 1959 | 1958 | 1957 | 1956 | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 | 1945 | 1944 | 1943 | 1942 | 1941 | 1940 | 1939 | 1938 | 1937 | 1936 | 1935 | 1934 | 1933 | 1932 | 1931 | 1930 | 1929 | 1928 | 1927 | 1926 | 1925 | 1924 | 1923 | 1922 | 1921 | 1920 | 1919 | 1918 | 1917 | 1916 | 1915 | 1914 | 1913 | 1912 | 1911 | 1910 | 1909 | 1908 | 1907 | 1906 | 1905 | 1904 | 1903 | 1902 | 1901 | 1900 | 1899 | 1898 | 1897 | 1896 | 1895 | 1894 | 1893 | 1892 | 1891 | 1890 | 1889 | 1888 | 1887 | 1886 | 1885 | 1884 | 1883 | 1882 | 1881 | 1880 | 1879 | 1878 | 1877 | 1876 | 1875 | 1874 | 1873 | 1872 | 1871 | 1870 | 1869 | 1868 | 1867 | 1866 | 1865 | 1864 | 1863 | 1862 | 1861 | 1860 | 1859 | 1858 | 1857 | 1856 | 1855 | 1854 | 1853 | 1852 | 1851 | 1850 | 1849 | 1848 | 1847 | 1846 | 1845 | 1844 | 1843 | 1842 | 1841 | 1840 | 1839 | 1838 | 1837 | 1836 | 1835 | 1834 | 1833 | 1832 | 1831 | 1830 | 1829 | 1828 | 1827 | 1826 | 1825 | 1824 | 1823 | 1822 | 1821 | 1820 | 1819 | 1818 | 1817 | 1816 | 1815 | 1814 | 1813 | 1812 | 1811 | 1810 | 1809 | 1808 | 1807 | 1806 | 1805 | 1804 | 1803 | 1802 | 1801 | 1800 | 1799 | 1798 | 1797 | 1796 | 1795 | 1794 | 1793 | 1792 | 1791 | 1790 | 1789 | 1788 | 1787 | 1786 | 1785 | 1784 | 1783 | 1782 | 1781 | 1780 | 1779 | 1778 | 1777 | 1776 | 1775 | 1774 | 1773 | 1772 | 1771 | 1770 | 1769 | 1768 | 1767 | 1766 | 1765 | 1764 | 1763 | 1762 | 1761 | 1760 | 1759 | 1758 | 1757 | 1756 | 1755 | 1754 | 1753 | 1752 | 1751 | 1750 | 1749 | 1748 | 1747 | 1746 | 1745 | 1744 | 1743 | 1742 | 1741 | 1740 | 1739 | 1738 | 1737 | 1736 | 1735 | 1734 | 1733 | 1732 | 1731 | 1730 | 1729 | 1728 | 1727 | 1726 | 1725 | 1724 | 1723 | 1722 | 1721 | 1720 | 1719 | 1718 | 1717 | 1716 | 1715 | 1714 | 1713 | 1712 | 1711 | 1710 | 1709 | 1708 | 1707 | 1706 | 1705 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| 1561 | 1560 | 1559 | 1558 | 1557 | 1556 | 1555 | 1554 | 1553 | 1552 | 1551 | 1550 | 1549 | 1548 | 1547 | 1546 | 1545 | 1544 | 1543 | 1542 | 1541 | 1540 | 1539 | 1538 | 1537 | 1536 | 1535 | 1534 | 1533 | 1532 | 1531 | 1530 | 1529 | 1528 | 1527 | 1526 | 1525 | 1524 | 1523 | 1522 | 1521 | 1520 | 1519 | 1518 | 1517 | 1516 | 1515 | 1514 | 1513 | 1512 | 1511 | 1510 | 1509 | 1508 | 1507 | 1506 | 1505 | 1504 | 1503 | 1502 | 1501 | 1500 | 1499 | 1498 | 1497 | 1496 | 1495 | 1494 | 1493 | 1492 | 1491 | 1490 | 1489 | 1488 | 1487 | 1486 | 1485 | 1484 | 1483 | 1482 | 1481 | 1480 | 1479 | 1478 | 1477 | 1476 | 1475 | 1474 | 1473 | 1472 | 1471 | 1470 | 1469 | 1468 | 1467 | 1466 | 1465 | 1464 | 1463 | 1462 | 1461 | 1460 | 1459 | 1458 | 1457 | 1456 | 1455 | 1454 | 1453 | 1452 | 1451 | 1450 | 1449 | 1448 | 1447 | 1446 | 1445 | 1444 | 1443 | 1442 | 1441 | 1440 | 1439 | 1438 | 1437 | 1436 | 1435 | 1434 | 1433 | 1432 | 1431 | 1430 | 1429 | 1428 | 1427 | 1426 | 1425 | 1424 | 1423 | 1422 | 1421 | 1420 | 1419 | 1418 | 1417 | 1416 | 1415 | 1414 | 1413 | 1412 | 1411 | 1410 | 1409 | 1408 | 1407 | 1406 | 1405 | 1404 | 1403 | 1402 | 1401 | 1400 | 1399 | 1398 | 1397 | 1396 | 1395 | 1394 | 1393 | 1392 | 1391 | 1390 | 1389 | 1388 | 1387 | 1386 | 1385 | 1384 | 1383 | 1382 | 1381 | 1380 | 1379 | 1378 | 1377 | 1376 | 1375 | 1374 | 1373 | 1372 | 1371 | 1370 | 1369 | 1368 | 1367 | 1366 | 1365 | 1364 | 1363 | 1362 | 1361 | 1360 | 1359 | 1358 | 1357 | 1356 | 1355 | 1354 | 1353 | 1352 | 1351 | 1350 | 1349 | 1348 | 1347 | 1346 | 1345 | 1344 | 1343 | 1342 | 1341 | 1340 | 1339 | 1338 | 1337 | 1336 | 1335 | 1334 | 1333 | 1332 | 1331 | 1330 | 1329 | 1328 | 1327 | 1326 | 1325 | 1324 | 1323 | 1322 | 1321 | 1320 | 1319 | 1318 | 1317 | 1316 | 1315 | 1314 | 1313 | 1312 | 1311 | 1310 | 1309 | 1308 | 1307 | 1306 | 1305 | 1304 | 1303 | 1302 | 1301 | 1300 | 1299 | 1298 | 1297 | 1296 | 1295 | 1294 | 1293 | 1292 | 1291 | 1290 | 1289 | 1288 | 1287 | 1286 | 1285 | 1284 | 1283 | 1282 | 1281 | 1280 | 1279 | 1278 | 1277 | 1276 | 1275 | 1274 | 1273 | 1272 | 1271 | 1270 | 1269 | 1268 | 1267 | 1266 | 1265 | 1264 | 1263 | 1262 | 1261 | 1260 | 1259 | 1258 | 1257 | 1256 | 1255 | 1254 | 1253 | 1252 | 1251 | 1250 | 1249 | 1248 | 1247 | 1246 | 1245 | 1244 | 1243 | 1242 | 1241 | 1240 | 1239 | 1238 | 1237 | 1236 | 1235 | 1234 | 1233 | 1232 | 1231 | 1230 | 1229 | 1228 | 1227 | 1226 | 1225 | 1224 | 1223 | 1222 | 1221 | 1220 | 1219 | 1218 | 1217 | 1216 | 1215 | 1214 | 1213 | 1212 | 1211 | 1210 | 1209 | 1208 | 1207 | 1206 | 1205 | 1204 | 1203 | 1202 | 1201 | 1200 | 1199 | 1198 | 1197 | 1196 | 1195 | 1194 | 1193 | 1192 | 1191 | 1190 | 1189 | 1188 | 1187 | 1186 | 1185 | 1184 | 1183 | 1182 | 1181 | 1180 | 1179 | 1178 | 1177 | 1176 | 1175 | 1174 | 1173 | 1172 | 1171 | 1170 | 1169 | 1168 | 1167 | 1166 | 1165 | 1164 | 1163 | 1162 | 1161 | 1160 | 1159 | 1158 | 1157 | 1156 | 1155 | 1154 | 1153 | 1152 | 1151 | 1150 | 1149 | 1148 | 1147 | 1146 | 1145 | 1144 | 1143 | 1142 | 1141 | 1140 | 1139 | 1138 | 1137 | 1136 | 1135 | 1134 | 1133 | 1132 | 1131 | 1130 | 1129 | 1128 | 1127 | 1126 | 1125 | 1124 | 1123 | 1122 | 1121 | 1120 | 1119 | 1118 | 1117 | 1116 | 1115 | 1114 | 1113 | 1112 | 1111 | 1110 | 1109 | 1108 | 1107 | 1106 | 1105 | 1104 | 1103 | 1102 | 1101 | 1100 | 1099 | 1098 | 1097 | 1096 | 1095 | 1094 | 1093 | 1092 | 1091 | 1090 | 1089 | 1088 | 1087 | 1086 | 1085 | 1084 | 1083 | 1082 | 1081 | 1080 | 1079 | 1078 | 1077 | 1076 | 1075 | 1074 | 1073 | 1072 | 1071 | 1070 | 1069 | 1068 | 1067 | 1066 | 1065 | 1064 | 1063 | 1062 | 1061 | 1060 | 1059 | 1058 | 1057 | 1056 | 1055 | 1054 | 1053 | 1052 | 1051 | 1050 | 1049 | 1048 | 1047 | 1046 | 1045 | 1044 | 1043 | 1042 | 1041 | 1040 | 1039 | 1038 | 1037 | 1036 | 1035 | 1034 | 1033 | 1032 | 1031 | 1030 | 1029 | 1028 | 1027 | 1026 | 1025 | 1024 | 1023 | 1022 | 1021 | 1020 | 1019 | 1018 | 1017 | 1016 | 1015 | 1014 | 1013 | 1012 | 1011 | 1010 | 1009 | 1008 | 1007 | 1006 | 1005 | 1004 | 1003 | 1002 | 1001 | 1000 | 999 | 998 | 997 | 996 | 995 | 994 | 993 | 992 | 991 | 990 | 989 | 988 | 987 | 986 | 985 | 984 | 983 | 982 | 981 | 980 | 979 | 978 | 977 | 976 | 975 | 974 | 973 | 972 | 971 | 970 | 969 | 968 | 967 | 966 | 965 | 964 | 963 | 962 | 961 | 960 | 959 | 958 | 957 | 956 | 955 | 954 | 953 | 952 | 951 | 950 | 949 | 948 | 947 | 946 | 945 | 944 | 943 | 942 | 941 | 940 | 939 | 938 | 937 | 936 | 935 | 934 | 933 | 932 | 931 | 930 | 929 | 928 | 927 | 926 | 925 | 924 | 923 | 922 | 921 | 920 | 919 | 918 | 917 | 916 | 915 | 914 | 913 | 912 | 911 | 910 | 909 | 908 | 907 | 906 | 905 | 904 | 903 | 902 | 901 | 900 | 899 | 898 | 897 | 896 | 895 | 894 | 893 | 892 | 891 | 890 | 889 | 888 | 887 | 886 | 885 | 884 | 883 | 882 | 881 | 880 | 879 | 878 | 877 | 876 | 875 | 874 | 873 | 872 | 871 | 870 | 869 | 868 | 867 | 866 | 865 | 864 | 863 | 862 | 861 | 860 | 859 | 858 | 857 | 856 | 855 | 854 | 853 | 852 | 851 | 850 | 849 | 848 | 847 | 846 | 845 | 844 | 843 | 842 | 841 | 840 | 839 | 838 | 837 | 836 | 835 | 834 | 833 | 832 | 831 | 830 | 829 | 828 | 827 | 826 | 825 | 824 | 823 | 822 | 821 | 820 | 819 | 818 | 817 | 816 | 815 | 814 | 813 | 812 | 811 | 810 | 809 | 808 | 807 | 806 | 805 | 804 | 803 | 802 | 801 | 800 | 799 | 798 | 797 | 796 | 795 | 794 | 793 | 792 | 791 | 790 | 789 | 788 | 787 | 786 | 785 | 784 | 783 | 782 | 781 | 780 | 779 | 778 | 777 | 776 | 775 | 774 | 773 | 772 | 771 | 770 | 769 | 768 | 767 | 766 | 765 | 764 | 763 | 762 | 761 | 760 | 759 | 758 | 757 | 756 | 755 | 754 | 753 | 752 | 751 | 750 | 749 | 748 | 747 | 746 | 745 | 744 | 743 | 742 | 741 | 740 | 739 | 738 | 737 | 736 | 735 | 734 | 733 | 732 | 731 | 730 | 729 | 728 | 727 | 726 | 725 | 724 | 723 | 722 | 721 | 720 | 719 | 718 | 717 | 716 | 715 | 714 | 713 | 712 | 711 | 710 | 709 | 708 | 707 | 706 | 705 | 704 | 703 | 702 | 701 | 700 | 699 | 698 | 697 | 696 | 695 | 694 | 693 | 692 | 691 | 690 | 689 | 688 | 687 | 686 | 685 | 684 | 683 | 682 | 681 | 680 | 679 | 678 | 677 | 676 | 675 | 674 | 673 | 672 | 671 | 670 | 669 | 668 | 667 | 666 | 665 | 664 | 663 | 662 | 661 | 660 | 659 | 658 | 657 | 656 | 655 | 654 | 653 | 652 | 651 | 650 | 649 | 648 | 647 | 646 | 645 | 644 | 643 | 642 | 641 | 640 | 639 | 638 | 637 | 636 | 635 | 634 | 633 | 632 | 631 | 630 | 629 | 628 | 627 | 626 | 625 | 624 | 623 | 622 | 621 | 620 | 619 | 618 | 617 | 616 | 615 | 614 | 613 | 612 | 611 | 610 | 609 | 608 | 607 | 606 | 605 | 604 | 603 | 602 | 601 | 600 | 599</ |
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DOMESTIC SEWING MACHINES

# FINANCIAL TIMES

Weekend July 7/July 8 1990

**PLUMB  
CENTER  
WOLSELEY plc**  
The name behind the name.

## BA signs £3.8bn aircraft order

By Paul Abrahams

BRITISH AIRWAYS has placed a £3.8bn order for aircraft and engines with Boeing, the Seattle-based aircraft manufacturer, and Rolls Royce, the UK aero-engine company. The deal, signed at Heathrow yesterday morning, is the largest single order BA has ever made. The airline has signed firm orders for 21 Boeing 747-400s worth £2.3bn, and options for a further 12 aircraft valued at £1.5bn. These figures include a £800m order with Rolls Royce for about 160 engines and spare parts to power the new aircraft. They also include orders for components worth about £75m which may be placed with other British companies.

BA and Rolls Royce shares marginally outperformed the market yesterday. BA moved up 2p to 211p, while Rolls Royce moved 2p to 224p. The new aircraft, to be delivered between March 1992 and December 1993, will be used to increase the size of BA's 747 long-haul fleet as well as replacing some of its early 747-100s. When the aircraft are delivered, the company's 747 fleet will increase to about 42 aircraft, or 64 if all options are exercised. In the meantime BA is launching a £30m refurbishment for its 747-100s.

The new 747s will have a leading role in BA's ambitions for the lucrative long-haul market. In the year to March 31 1990, BA made only £3m on domestic and European routes on a turnover of £1.8bn. This compared with profits of £384m on intercontinental routes which had a turnover of £3bn. However the battle between aircraft manufacturers to supply the next stage of BA's investment programme - involving the purchase of about 11 short- and medium-haul aircraft to replace some of the airline's Lockheed Tristars and DC-10s - is becoming increasingly heated.

BA is evaluating bids for these replacement aircraft from Boeing, Airbus Industrie, and McDonnell Douglas. Boeing is hoping to sell BA its proposed 767-X - also known as the 777. However, the aircraft is still on the drawing board and Boeing appears to be having difficulties finding launch customers. If Boeing fails to win the BA contract, it will be seen as a blow to its hopes of launching the 767-X. McDonnell Douglas is bidding with its MD-11 trijet, while Airbus is proposing the A-330 aircraft. A decision, which has been delayed since last year, is expected within the next six months.

Speech to congress comes amid threats of a one-day political strike

## Yeltsin calls for party overhaul

By Quentin Peel in Moscow

MR BORIS YELTSIN, president of the Russian parliament, yesterday threw his political weight behind the campaign for a total overhaul of the Soviet Communist Party, including a change of its name.

Against the overwhelmingly conservative mood of the party congress, the one man who enjoys a popular following in the country warned that the party faced bankruptcy, and its leaders prosecution, if they failed to allow sweeping democratic changes.

His speech came as the threat of a one-day nationwide political strike next week con-

tinued to spread, with industrial workers throwing their support behind coalminers who are demanding the resignation of the Soviet Government.

Mr Yeltsin's address was received with lukewarm applause by a 4,700-strong congress dominated by party officials, military officers and factory managers who share a deep concern about the whole process of perestroika under the leadership of President Mikhail Gorbachev.

Mr Yeltsin called for the party to register all the differing platforms in its ranks -

ranging from orthodox Marxist to ultra-liberal - to rename the party as the Party of Democratic Socialism and to announce its willingness to form a "union of democratic forces" to extricate the country from its crisis.

He also suggested that neither new rules nor a new party policy should be approved by the current congress, but that a new temporary leadership should be elected to draw up plans for the party's transformation and another congress in six months' time.

Outside the congress hall the protest movement against the

party's rule continued to gather momentum. The latest news yesterday was that industrial workers at several major plants in Moscow, including the ZIL truck plant, plan to hold mass rallies on July 11 to coincide with the miners' political strike.

The city of Gorky is also planning to support the action, which is likely to include workers from the three big coalfields of the Donbas, Kuzbass and Vorkuta, in spite of urgent appeals from the congress for them to stay at work.

Congress clings to its faith, Page 3

## Scargill says strike donations are intact

By John Gapper, Labour Editor



Arthur Scargill: money is not property of the NUM

MR ARTHUR SCARGILL, president of the National Union of Mineworkers, said yesterday that £1.4m donated by miners in the Soviet Union and east European countries during the 1984-85 miners strike was still intact in bank accounts.

Mr Scargill, who faces controversy at his union's annual conference in Durham next week following an inquiry into his handling of funds, said the money was still in accounts under his control in Dublin and Vienna.

His comments followed a call by Mr Yuri Butchenko, a Soviet trade union leader, on Thursday for the return of between £2.5m and £10m which he said was collected by Soviet miners to help their British counterparts during the strike.

However, Mr Scargill insisted he had only known of a £1m (£250,000) donation from Soviet miners which was even-

tually transferred, with other donations, to a Dublin fund controlled by him and the Paris-based International Miners Organisation, of which he is president.

Mr Scargill rebutted a suggestion in the inquiry report by Mr Gavin Lightman, QC, that it was impossible to find the whereabouts of £1,050,000 transferred out of the Dublin account between August 1985 and December 1988.

He said that he knew where all the money was. He believes the money is not rightfully the property of the NUM because it was paid into an IMO account allegedly established to help international miners.

Members of the NUM executive are to seek Mr Lightman's advice on how to recover funds donated to help British miners. Mr Lightman's inquiry found that Mr Scargill had breached his duties by not telling the

executive about this money. Although some members of the NUM executive are critical of Mr Scargill's links with the IMO, he is thought unlikely to face immediate calls for his resignation - or for disciplinary action against him - at the union's annual conference next week.

The deposits in the IMO fund in Dublin - known as the Mireds fund - included the £1.4m of donations and a separate sum of £250,000. Mr Scargill said at least £1.8m was still left in the account including interest payments.

He said that £1,050,000 had been moved out of the account, mostly to accounts controlled by the IMO in Vienna. He insisted that he had given Mr Lightman enough information to know where all Soviet donations were. Miners' backer, Page 5; Secret funds, Page 6

## Associated British Foods may make offer for British Sugar

By Clare Pearson and Maggie Urry

ASSOCIATED British Foods, the milling and baking group, has revealed yesterday it had told the Office of Fair Trading it was contemplating making an offer for British Sugar and the other main food operations of Berisford International.

ABF, which plans to write-down the value of its 23 per cent shareholding in the heavily indebted sugar and property group, also turned up the pressure on Berisford to make an early sale of British Sugar, its prime asset.

It claimed this was the "only realistic option available." A "substantial and rapid reduction in the level of borrowings" was essential.

This followed Berisford's interim results statement on Thursday. The company then announced all its businesses were up for sale. It had made an interim loss of £144.5m after provisions and write-offs mainly related to New York property investments.

Mr Harry Bailey, finance director of ABF, said yesterday: "We are not trying to talk the price [of British Sugar] down. We are trying to induce a sense of realism into Berisford." He said this was the wrong time to sell the property investments because of the depressed market.

Berisford's shares closed 17p down at 64p.

In 1987 ABF gained clearance from the UK regulatory authorities for a £767m offer for Berisford, but dropped the deal after the October stock market crash. Mr Bailey yesterday refused to comment on the price it might now pay for British Sugar, the company would have to do "due diligence" investigations.

Tate & Lyle, the sweeteners group which had hoped to merge its sugar business with Berisford, on Monday said it was abandoning a contemplated bid for the company as a whole.

Sweetener battle coming to a climax, Page 8; London stocks, Page 13

## Coal pension funds win £1bn battle for Globe

By Nikki Tait

THE HARD-FOUGHT £1.1bn battle for control of Globe, Britain's biggest investment trust, ended at lunchtime yesterday when the bidder, the British Coal Pension Funds, snatched up sufficient shares in the stockmarket to take it through the 50 per cent level.

That prompted a rush of sellers, with many City institutions anxious to receive cash immediately, rather than take the more lengthy route of accepting the offer.

When the market closed, trading volume in Globe before adjusting for double-counting - stood at 184m shares and the Coal Funds' claimed control of 62.04 per cent of the target. On Thursday night their stake totalled a little under 45 per cent.

The board of Globe said it would ask the Coal Funds to "indicate their intentions regarding future management and investment policy" and then advise shareholders on what action they should take.

By late yesterday afternoon there had been no contact between the two sides, but Globe said it was hoping for a meeting on Monday. The Coal Funds said they would be willing to discuss Globe's suggestions, but added that the aim was still to secure 100 per cent of their target.

Globe's fate was sealed shortly after 1pm, with a handful of sizeable institutional sales. The first - covering 9.6m shares, or 1.8 per cent of the equity - was made by Postel, which manages the Post Office and British Telecom pension funds.

The 20p-a-share cash offer compared with a Datastream estimate of Globe's net asset value of 21.1p last night - a discount of 4.3 per cent. However, Globe has argued that such calculations fail to take account of certain assets, and that its total value stands at over 23p a share.

In an interesting twist, Postel, plus some other institutions, appear to have sold out for 20p ex dividend. This means that they will receive the net 4p final dividend to make up the bid price. However, because of their tax status, they will also be able to reclaim tax paid on the dividend: as a result, they effectively receive 20p.5p a share. London Stocks, Page 13

## EC queries German cross-border deal

By Lucy Kellaway in Brussels

SIR LEON BRITTON, the European Community competition commissioner, is to investigate the acquisition by Ruhrgas, the biggest West German gas company, of a 35 per cent stake in the East German gas transmission network.

This is the Commission's first formal action in East Germany, and is legally controversial as it is not clear whether EC rules apply to East Germany before full unification.

The decision reflects the Commission's concern that East German industry is being swallowed up by West German companies, hampering competition in the Community.

In an interview, Sir Leon said that, since German monetary union earlier this month, East Germany could effectively be considered as part of the Community in terms of enforcing competition law.

"The degree of economic integration of East Germany into the West and the greater degree of financial dependence since July 1 mean that we have a legitimate right to take a position on state aid and mergers in East Germany," he said.

He added that the Ruhrgas case could prove a serious infringement of EC competition rules, as the company already has a dominant position in the West German market, to which it would be adding a strategic stake in the East German gas market.

The Commission would



Sir Leon: A right to take a position on East Germany

make sure that West German companies were not abusing their competitive position. It had the full support of the West German Government and the Federal Cartel Office, he said. However, he added that the chief problem was that other European companies were not showing sufficient interest in buying East German companies.

As part of the deal, 10 per cent of the East German company, Verbundnetz AG, would be taken up by BEB Erdgas and Erdgas, which are jointly owned by Shell and Esso.

The Commission would

Continued from Page 1

Britain had been a lonely voice of scepticism. "But we are now seeing the first signs of concern elsewhere in the Community - albeit in disguise." Mr Major believed his alternative to Delors would enhance monetary co-operation

in the EC. The proposed European Monetary Fund would take its lead from the strongest currency and the hard Ecu would reinforce anti-inflationary pressures. He continued: "They meet the concern that under the

present proposals for stage three, rather than the formidable anti-inflation record of the Bundesbank being extended to cover the other 11 nations, we might instead see its anti-inflation credibility being diluted and weakened."

THE LEX COLUMN

## British Sugar on the table

FT Index rose 6.8 to 1,865.0

FT-SE 100 Index

Relative to the Dow Jones Industrial Average Index

104

102

100

98

96

94

92

90

88

Jan 1990 Jul

absence of investor loyalty may take comfort from the City's willingness to sell out one of its own.

The fact that a privatised utility pension fund helped push the Coal Board over 50 per cent adds piquancy to Globe's defence arguments. But the trust's battle was evidently lost in the earlier years of underperformance.

Yet again, the Coal Board has shown its ability to pull off a canny deal. Small shareholders now have 14 days to decide whether to accept the offer; but the chances are that they will be better off reinvesting in Foreign & Colonial than remaining a minority in a pension-fund dominated Globe.

Admirers of the sector may be consoled by the fact that the bid has pushed the discount to net assets to 13 per cent, which analysts say is a 25 year low.

Cable and Wireless

It is easy to hazard guesses on why Mr Li Ka Shing decided to sell his 4.9 per cent of Cable and Wireless, owner of Hong Kong's telephone monopoly. The stock is at a five year high in Hong Kong dollar terms, and Mr Li's empire is very large, with who knows what alternative uses for the £250m-odd which the sale brought in.

As for Mr Li's strategic plans for telecommunications, they apparently centre these days on the idea of beaming satellites television around the Pacific Rim, by means of his AsiaSat joint venture.

If Mr Li's decision to get rid of his stake was prompted by considerations such as those, the entire transaction says little one way or the other about C and W's prospects. Nor does the speed with which the fund managers took the shares at 518p from Smith New Court

tell us much. For institutions up to their knees in cash, even before selling out Globe, the terms for the C and W shares can hardly have required much thought. At 5 per cent discount to Thursday's closing price, the placing gives the institutions a growth stock on a 3 per cent prospective yield, albeit one with earnings biased a touch too much to the dollar.

Perhaps the most interesting aspect of the episode is the further evidence of Smith New Court's readiness to do the business in bought deals on a grand scale. Disgruntled rivals think Smith's turn was about 52m, but to make that, Smith took on its books a line of stock seven times greater than its own market capitalisation. Try that for size as a risk/reward ratio.

Markets

Yesterday's unexpectedly strong figures for US employment suggest certain parallels with the UK. In both cases, the markets have been faced with persistently ambiguous data on the economy. Both have discerned signs of weakness and have pinned their hopes on lower interest rates. Those hopes are now receding.

Despite that, Wall Street yesterday went higher. This is in one sense rational. It always looked a little odd for US equities to go better on the basis of a weakening economy. And as in the UK, the US institutions are still hugely liquid. But there seems little case for Wall Street to resume its ascent on 3,000 at present.

Mr Bush may have heartened the market with talk of tax increases, but there is still the little matter of whether the items to be taxed include the sale of stocks.

Rolls-Royce

The market gazed upon yesterday's new orders at Rolls-Royce, yawned, and marked the shares up 1 per cent. This tepid reaction is not unreasonable as a response to the news of another 130 B21s going to British Airways, thus Rolls has to keep winning orders on this scale just to keep in the game against General Electric. But the other smaller item of news yesterday perhaps deserved better - National Power's decision to buy its Killingholme combined cycle power station from the AEB/NEI joint venture. NEI is starting to justify Rolls-Royce's decision to buy the company in 1989.

THE FIDELITY EDGE

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# Weekend FT

SECTION II

Weekend July 7/July 8 1990

## House prices — the year the roof fell in

Britain's homeowners are facing the possibility that the property bubble has burst — perhaps for good. The economic and political consequences could be far-reaching. John Plender stares into the abyss

FOR MORE than four decades, the British have been conditioned to believe that the best investment they can make is to buy their own home on borrowed money. A decade of Thatcherism has not only failed to dispel that conviction; it has reinforced it. Yet suddenly home owners in Britain, indebted as never before, confront a fall in house prices — perhaps on a scale not seen since before the Second World War.

Could it be that the great British house price bubble has finally burst? Is it possible that Britain is about to revert to the stagnant housing market of the 1930s, complete with widespread mortgage defaults and bankruptcies in the housebuilding sector? Or are the British moving towards a West German-style housing market, in which prices go up and down in line with demographic trends and the state of the underlying economy?

Those questions are not only important for Britain's 14.5m homeowners, including the former council house tenants who have spent more than £20bn since 1980 on buying their existing accommodation. They raise broader political and economic questions, for the housing market remains one of the chief engines of inflation in the British economy and has made an important contribution to the growth in the UK's current balance of payments deficit.

Indeed, a fall in house prices, though painful for individuals, could be generally beneficial. But before staring into the abyss, we should establish just how peculiar British house buying habits are by international standards.

There is not much doubt that the British are obsessed with home ownership, including the former council house tenants who have spent more than £20bn since 1980 on buying their existing accommodation. They raise broader political and economic questions, for the housing market remains one of the chief engines of inflation in the British economy and has made an important contribution to the growth in the UK's current balance of payments deficit.

Yet the British obsession is shared by the Americans, whose owner-occupation rate is 64 per cent; by the Canadians, at 62 per cent; and above all the Australians, for whom the figure is 89 per cent. In other words this is a peculiarity of the British, but of the world's main English-speaking economies — economies which have

all, incidentally, shown a remarkable propensity over the past decade to plunge into current account deficit on their balance of payments.

But are the British more profligate than everyone else when incurring debt? The accusation would certainly have been unfair at the start of the decade, when housing finance represented a lower proportion of total national income than in the US or West Germany. But according to a study by the retail banking specialists Dimitri Vittas, Patrick Frazer and Thymis Metaxas-Vittas, Britain not only overtook those two countries in mid-decade; by 1986 housing debt was larger in relation to national income than in any of the world's leading economies. And by 1989, the debt of the average building society borrower was nearly 3.2 times his earnings, compared with 2.7 times a decade before.

Thrift, says Robin Leigh-Pemberton, the Governor of the Bank of England, has gone out of fashion. Yet in reality it has been driven out by the Government's policy of financial liberalisation, as successive Chancellors of the Exchequer scrapped one form of control over bank lending after another, without any complaints from the Bank of England. The entry of the clearing banks into the home loans market in 1980, followed by a powerful miscellany ranging from US investment bankers to Japanese commercial banks, was a crucial spur to the great asset price inflation (the economist's polite phrase for a bubble) of the 1980s.

How ironic to hear Margaret Thatcher declaring recently that earning before spending was an essential Tory value. Her radical administration dismantled many of the regulations which, by curbing the banks' and building societies' ability to offer credit, promoted serious thrift. As a result, British household savings collapsed from nearly 14 per cent of disposable incomes in 1980 to nearer to an American-style four per cent in 1988 — a figure that compares with nearly 28 per cent for Italy and more than 12 per cent for West Germany and France.

After years of watching their wealth accumulate in an inaccessible form, British owner-occupiers suddenly found in the 1980s that they could borrow large additional sums on the security of their homes and so increase their spending power. Since British manufacturers were not strong enough to meet the surge in demand for consumer goods, imports were sucked in,



causing the balance of payments to spring a leak.

In contrast, consider how housing finance works in a society that really values thrift. Among the key institutions of the West German financial system are the building and loan associations, the *Bausparkassen*. Throughout the post-war period, the would-be German homeowner has foregone jam today by contracting through these building and loan associations, to save a specific sum on a regular basis before becoming entitled to take out a loan. The interest on the savings is at a below-market rate, but enjoys exemption from tax up to a set limit. Depositors are also given a tax-free savings bonus. And tax relief on mortgage interest is restricted to a once-only period of eight years.

By the time most Germans come to borrow, they are older than the equivalent borrower in Britain and are more likely to have been living in privately rented accommodation. Their total debt, is seldom allowed to exceed 80 per cent of the value of the property.

That system has more in common with the building society cartel that Britain abandoned in 1980 than today's deregulated market place. Note, too, the difference it makes to have a large private rented sector. In the early 1980s, more than half the housing stock in Britain was owned by private landlords. Today the figure is down to 7 per cent, thanks to a combination of below-market regulated rents and a his-

toric bias in the tax system against renting in favour of ownership. Note too that tax relief on mortgage interest and the exemption of an owner's main house from capital gains tax also help borrowers not savers. Both reliefs have been championed by Thatcher against the wishes of the Treasury.

That assortment of sticks and carrots helps to explain why around 35 per cent of under 25-year-olds are already home owners — one of the more astonishing statistics in the British housing market. So, too, does the readiness of banks and building societies to advance 100 per cent of the value of a house to first-time buyers, the sacred cows of the British political system.

Planning constraints on building new houses, the fiscal bias in favour of debt, and financial deregulation have all helped to create an inflationary psychology unparalleled in the other leading economies. And the psychology is reinforced by a remarkably un-Thatcherite welfare cushion, whereby the Government picks up the interest payments of mortgage holders if they become unemployed.

That is, in effect, an indirect subsidy to the lenders. And given such protection from bad and doubtful debts it is perhaps surprising that Britain has not suffered more of the adventurous behaviour that has driven scores of savings and loan institutions in the US to the wall, at huge cost to the American taxpayer. Without question, private individuals are being more adventurous. At the peak of the boom in 1988,

annual interest costs on the average mortgage amounted to £2,800, while capital appreciation on the average house was around £7,700. So it cost nothing to service the debt — an apparently amazing bargain, especially for those whose borrowings were not backed by any existing wealth.

The speculative mentality that this engendered was at its most frenetic in the housing developments in London's Docklands, where young City dealers were putting down deposits on flats and houses they did not intend to occupy, in much the same way as they dealt in the futures markets.

This is surely not the kind of enterprise culture to which the Prime Minister aspires. For as Andrew Hogg Smith, International Stock Exchange chairman, points out, there is a trade-off between individual ownership of property and ownership of shares. He believes savings flows have become unhealthy skewed away from industry towards housing.

However, it may now be that this trend is going to be reversed, as capital gains in housing start to shrink. In docklands developers are even letting their unsaleable property to tenants, something which has not happened since the 1930s.

A more prudent relationship between house prices and earnings is beginning to reassert itself, partly as a result of pay inflation, but also because of the first serious decline in nominal house prices since the war. The broker, UBS Phillips & Drew forecasts an overall price

decline of 5 per cent for 1990, with southern parts of the country, including London, showing a fall of 10 per cent.

What are the chances that the bubble has burst for good and that the British will reassess the attractiveness of home ownership as an investment?

Demography is one of the better reasons for thinking that the housing market will behave differently in the 1990s. In the 1980s the number of households rose by about 180,000 a year. While the figure is expected to remain relatively buoyant in the first half of the decade, the impact of the decline of a third in the birth rate between 1964 and 1971 will start to have a spectacular effect thereafter.

The number of young married households in England under the age of 30, says Adrian Coles, head of external relations at the Building Societies Association, is expected to fall by more than 40 per cent by the end of the century. That carries overtones of the German market, where a shrinking population contributed to a 10 per cent fall in nominal house prices between 1981 and 1986. Prices picked up only when the influx of migrants from East Germany created a sudden shortage.

Equally important is the potential impact of Britain's entry into the exchange rate mechanism (ERM) of the European Monetary System. If the commitment is real, it implies

that the traditional escape route from a typical British balance of payments crisis, with devaluation accommodating inflationary pay settlements, will be less accessible.

If the French experience in the ERM is any guide, British industry will suffer a profits crunch accompanied by increased unemployment on the road to price stability. The welfare safety net for unemployed mortgage debtors may help limit the damage to house prices, but it is hard to believe that there will be another speculative bubble in those circumstances, especially when the value of mortgage interest relief is being eroded steadily by inflation.

The persuasive counter-argument is that entry into the ERM will initially permit a reduction in British interest rates as markets anticipate progressive convergence in inflation rates between Britain and the other members of the system. This could well coincide with a return next year to a more normal relationship between house prices and incomes, while the gravitational pull of demography does not become strong until the second half of the decade. So the temptation for private individuals to go buying and spending again will be formidable because there is still a huge amount of unrelaxed equity in the private sector balance sheet.

The total owner-occupied housing stock in 1988 was estimated at £364bn, while related housing loans stood at only £224bn, implying enormous unused borrowing capacity in today's deregulated market. Hence the confidence of forecasters at leading City firms such as Morgan Grenfell, UBS Phillips & Drew, Shearson Lehman Hutton and James Capel that we will soon see another upturn in house prices.

At least one more "boomlet" may be in the pipeline. And a problem may await other members of the ERM as the 1992 initiative brings liberalisation to their hitherto thrift-inducing financial systems.

The lack of flexibility in the rented sector is perhaps the most compelling reason for thinking that the British will continue to rush into owner-occupied housing on borrowed money. An increase in public sector rented housing is ideologically unappealing to the present Government. Yet it cannot bring itself to adopt a radical Tory policy to revive the private rented sector: its measures to deregulate rents have been restricted to the tiny part of the market that consists of new rented accommodation, which is why Britain has one of the lowest rates of labour mobility in the developed world. That policy failure explains why the present writer moved last week from a rented home to a house of his own after borrowing an absurdly large sum of money. In Britain in the 1990s, alas, permanent renting still seems a more daunting proposition, despite the risk of falling house prices, than basing the family finances on the principles of Micawber and a mountain of debt.

## Hazards for the riders of the range

AT THE BEGINNING of the year I took a distinctly cautious view of the stock market's prospects, and broadly speaking that has proved to be correct.

Indeed the World Index has subsequently fallen 16 per cent in sterling terms, a drop which admittedly has been exaggerated by the isolated collapse in Tokyo and by the remarkable appreciation of around 5 per cent by the pound.

Halfway through 1990, however, it would be fairer to say that most national markets have changed comparatively little in local currency terms.

The London market, for instance, is off only about 4 per cent net after its strong rally from the April low point (I failed to foresee the UK's amazing flirtation with the ERM).

Wall Street, meanwhile, is up about 2 per cent — as measured by the S & P 500 rather than the misleading Dow Jones Average of just 30 blue chips.

My doubts in January were based partly on a feeling that the year-end euphoria (which was especially evident in Japan) was unsustainable.

I did not, however, join the superbearish school of doomsters who were inclined to predict a global collapse due to a credit crunch.

In fact, financial structures appear to be rather robust, as can be seen from the very limited impact of the Japanese stock market crash even inside Japan, let alone abroad.

At the same time, the disgracefully imprudent

behaviour of banks in much of the world remains an abiding theme of the financial markets, and bailing them out could prove to be very inflationary.

The world economy remains encouragingly resilient, and the OECD predicts an almost maintained growth rate of 3 per cent this year and next.

On the face of it the traditional cycle is little in evidence. But this is partly because the US and the UK are fortunately out of sync with Japan and Continental Europe. And always some important late cycle characteristics are clearly present, including upward pressure on interest rates and a general squeeze on profits.

Even in Germany, where the economy is booming, with GDP growth running at 4 per cent, company profits expectations are being revised downwards. Meanwhile the German government's borrowing binge to finance the reconstruction of East Germany got under way this week with the first *Dilston Unity Bond*.

As 6½ per cent coupon was fairly modest, but it is symbolic of the coming demands on the world's savings.

The American willingness to consider higher taxation is at least a step in the right direction, but the British Government's decision to throw money at the poll tax problem is not, and it is now very likely that our fiscal surplus will disappear next year.

What does all this add up to for the British stock market? It

### The Long View



Halfway through the year the stock market remains subdued, but it may soon be time to be thinking ahead to a new phase

has spent the past year and more locked in a trading range between 2100 and 2400 on the Footsie index, and is at present towards the top of that zone.

Now the market yields about 4.8 per cent, maybe a shade under the long run average, and the p/e ratio on industrials is 11 or so.

These are respectable levels, and looking ahead a year or two buyers are unlikely to go far wrong. But there is, of course, considerable concern about the near term earnings outlook. Profit warnings are emerging almost every day.

The direct effect of high interest rates is to raise the opportunity cost of holding longer-term assets and undermine asset prices.

You might reason that a smart pension fund manager could have put all his money on deposit at the beginning of the year and gained 7½ per cent so far. That would have been above his minimum objective of beating pay inflation.

It would also have placed him at the top of the league table: according to the WM Company, which measures investment performance, the average British pension fund probably returned about minus 2 per cent in the first six months because it was invested in the usual mixture of equities, bonds and property.

Nobody dares to go liquid in this way, however, because it would be so hard to re-enter the stock market at the right time. And one brief surge of share prices could wipe out all the relative gains.

That is the kind of problem we now face. When will the stock market start discounting lower interest rates and the

beginnings of a profits recovery? When will the danger of unexpected shocks have passed? There might be a sharp, positive response.

In the meantime, however, the market is drifting into the summer doldrums. How far down it goes may depend more than anything else on the flow of new issues.

After the first quarter financial deficit of £7bn the company sector is being badly squeezed.

There have been signs in the past few days of an upturn in rights issues, but they have been individually small, and bigger companies still appear to want to play a waiting game.

My own hunch is that the market may again drift much nearer to the bottom of its trading range in the next month or two but it might prove expensive to be too liquid as we move into 1991, with the prospect of cuts in short-term interest rates and some pre-election excitement.

Entry to the ERM may bring an exchange rate squeeze for British companies, but on the other hand it will reduce the perceived risks of the London stock market for foreign investors.

Poor earnings growth could be offset by an improvement in ratings: remember that in real terms the All-Share Index is now 25 per cent below its all-time peak recorded three years ago, whereas company profits have expanded mightily since then.

But if we fail to join the ERM, all bets are off.

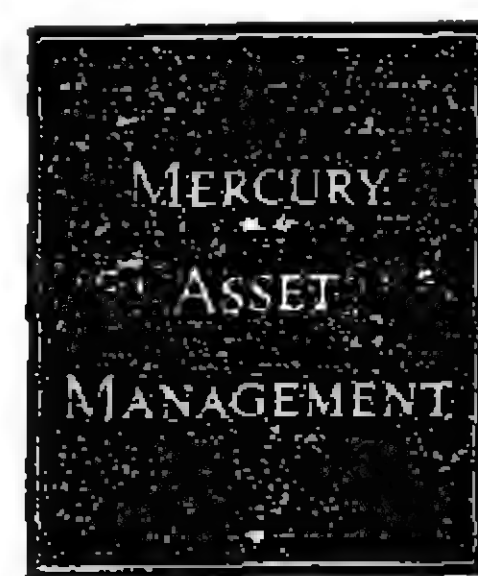
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Fidelity



## MARKETS

## FINANCE &amp; THE FAMILY: THIS WEEK

## Coal Board Pension Funds claim victory over Globe

The Coal Board Pension Funds yesterday afternoon claimed victory in their bid for control of Globe Investment Trust, saying that they had bought more than 50 per cent of the shares. See news story in first section of today's FT.

## Tax-free travel loses its accountability

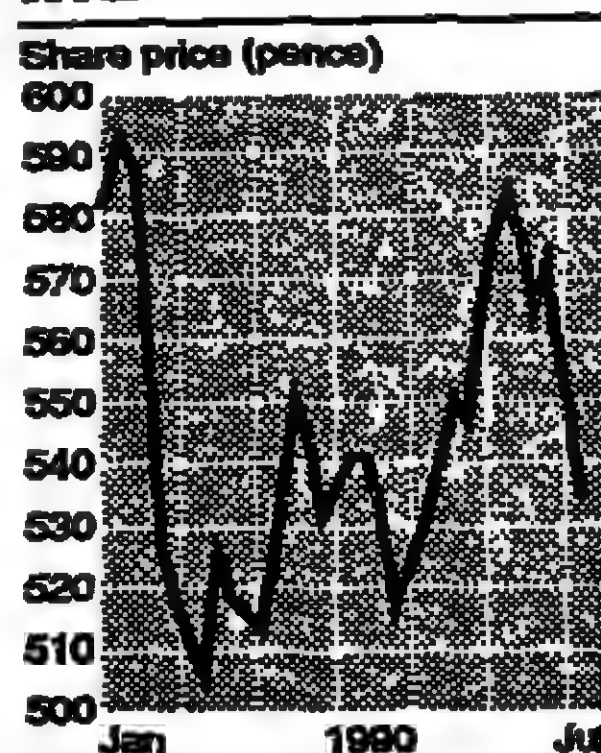
Trainee accountants have a hard life. It takes at least three years to qualify, and that time is often a period of extreme drudgery. However they enjoy one outstanding perk: too junior to get company cars, they do get mileage allowance for all the journeys they make driving their own cars to see their audit clients. Now the Inland Revenue is set to change that. David Waller reports. Page IV

## Do you need a bank abroad?

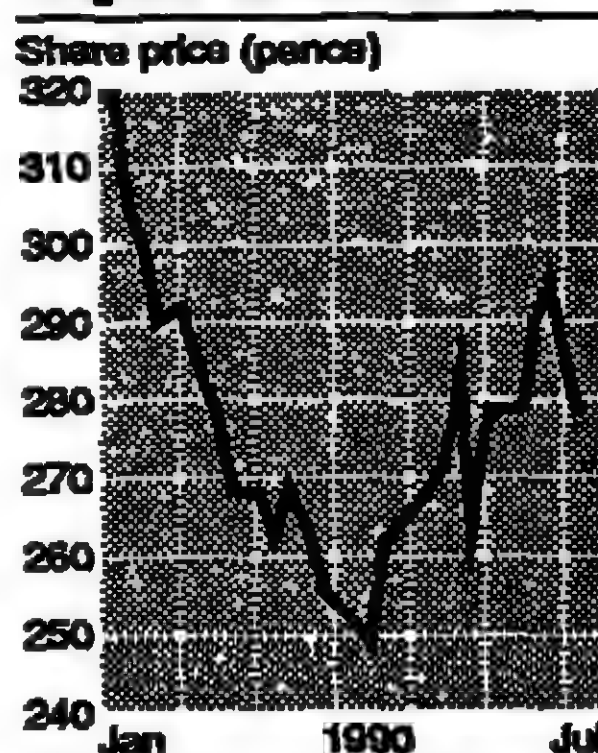
Opening a non-resident current account in a foreign bank abroad has become fairly simple, but there remain pitfalls for the unwary. Karl Wiley examines the pros and cons of opening a foreign account. Page V

BRIEFCASE: Tax liability on a house in trust - Page V

## RTZ



## Taylor Woodrow



## RTZ's downgrading: what does it mean?

The downgrading by UBS Phillips & Drew and BZW this week of RTZ was both more and at the same time less significant than might appear to the non-specialist investor. Significant because it provided a clear signal that City downgradings of corporate profits forecasts are no longer restricted to the obvious targets like retail and property companies, but are now spreading to the international heavyweights. Analysts, prompted by the RTZ board, zeroed in on the implications for group profits of sterling's continued rise - and RTZ will not be the only one to suffer. However, RTZ shares seem fairly safe at these levels; several analysts would regard any further fall in the price as a buying opportunity. Terry Byland

## Analyst lowers profits estimate on Taylor Woodrow

Shares in Taylor Woodrow, one of the UK's leading contracting and construction groups and which has enjoyed 30 years of increasing earnings were among the stocks affected by analysts lowering their profit estimates. Robert Fleming Securities' Peter Jensen lowered his forecast of pre-tax profits for the current year from £117m to £105m, most importantly below the £118.9m Taylor Woodrow achieved last year. Laid & Cruikshank also expects Taylor's pre-tax profits to come in lower this year, and pencilled in a forecast of £100m as long ago as mid-May. But some researchers, pointing to Taylor's highly conservative accounting policies, are confident that Taylor Woodrow can maintain its long-running profits record. Steve Thompson

## OFFER TO OFFER PERFORMANCE OVER ONE MONTH (NO INCOME) TO 30 JUNE 1990

| Fund                           | % Change |
|--------------------------------|----------|
| Top 10 Unit Trusts             |          |
| EFM Smaller Japanese Companies | 9.6      |
| Govett UK Special Opps         | 8.9      |
| GAM UK Special                 | 8.2      |
| Schroder Japan Smilr Cos       | 7.6      |
| Bank of Ireland Inc Plus       | 7.4      |
| Wardley Japan Sm Cos           | 6.7      |
| MIM Brit Japan Smilr Cos       | 6.5      |
| Fidelity Japan Smaller Cos     | 6.4      |
| Mercury UK Smilr Cos           | 6.3      |
| KB UK Equity Gth               | 6.2      |
| Bottom 10 Unit Trusts          |          |
| M&G Gold & General             | -14.4    |
| James Capel Gold & General     | -11.8    |
| Tyndall Capital Defender       | -11.8    |
| MIM Brit Gold                  | -10.6    |
| NIG Gold                       | -10.4    |
| S&P Gold & Exploration         | -10.3    |
| Waverley Australasian Gold     | -9.7     |
| Morgan Gren Japan Tracker      | -8.7     |
| Hambros Japan & Far East       | -8.6     |
| Royal Life Jap Ind Tracking    | -8.5     |

Japanese smaller companies funds have dominated the unit trust performance tables again in the last month. Edinburgh Fund Managers' Smaller Japanese Companies topped the list for June, and ranked fourth over one year and 14th over five years. Meanwhile, gold funds have congregated at the bottom of the performance tables over one month due to the plunge in bullion prices. Sara Webb

## HOW CAN the small investor get a look in when it comes to share placings?

Alan Blake, a reader from Stamford, complains that he recently found it impossible to buy shares in Levercrest, a company which makes play equipment and safety surfaces and which joined the Unlisted Securities Market in a placing. "I applied to the issuing brokers to obtain shares in Levercrest, but was informed that they were reserved in the placing for their own clients who had the prospectus sent to them several weeks earlier," writes Blake. "This seems to be discriminatory against the small investor... The Government will undoubtedly be encouraging 'sid' as their latest privatisation project looms closer. When are they going to give fair access to all share flotation?"

The problem is that placings - where shares in a company are placed with investors - are not usually made with the small investor in mind. The shares are usually distributed

among the institutions. "This is an old, old, hardy annual complaint," says Michael Reed, head of private client business at Greig, Middleton & Co. "When a company does a placing, the brokers tend to talk to institutions because that way they can get rid of the shares in easy dollops. It doesn't pay to talk to lots of private clients."

Andrew Gregory, head of Kleinwort Benson's private client business, says that a placing is far cheaper than an offer for sale, and for a small company provides a cost-effective way of getting a quote on the stock exchange.

But most brokers acknowledge that the system is unfair to smaller investors. "It's one of the great faults in the existing system, and one of the biggest causes of complaint among investors regarding listing rules," says Matthew Orr of Killick & Co.

Before the Big Bang of 1998,

SO THE economic way ahead is now clear: John Major should add Gascoigne, Waddle and Robson to the list of Government advisers and ensure that the next World Cup ties involving British teams are played at least once a week for the next six months, thus emptying the streets of credit-hungry consumers.

So far Our Brave Lads have proved more capable of doing that job than the Chancellor. This week's statistics seem to indicate that the interest rate squeeze is having little effect on the British public's spending and borrowing habits.

The amount of new credit advanced to consumers in May was higher than in the previous three months and - to the surprise of the City - the Central Statistical Office had to revise upwards its provisional estimate for retail sales volume in May.

That said, there was evidence this week that the

excitement of the nerve-fraying finale to the ERM saga is beginning to wear off in the equity and gilt markets. The FT-SE 100 Index slipped 34.6 points on the week to 2340, as the impact of further stern Treasury talk about interest rates sank in. Equities continue to look vulnerable, especially if Wall Street takes a turn for the worst.

Sterling, on the other hand, is as buoyant as ever, and still sensitive to the slightest hint on ERM entry. The pound has risen nearly 5 pennings against the D-Mark this week, supported by the written version of a speech from Karl Otto Pöhl, president of the West German Bundesbank, which indicated he was expecting British ERM entry "soon". Never mind that the word was omitted in the speech he actually delivered to the Institute of Economic Affairs on Monday - the currency bulls had already

charged.

It may seem strange, given the buoyancy of the retail market, that so many retailers are screaming about slackening demand on Tuesday. Sears, the footwear and clothing retailer, warned that trading had been weaker since the beginning of May.

Overcapacity in the retailing industry - a legacy of the boom-boom 1980s - is the fundamental reason for the apparent contradictions between retailers' experience and Government statistics. The timing of the downturn may also provide the clue. Both Sears and, last week, Burton Group, have identified a sharp decline in demand during the last month or so. On that basis, the retail sales figures for June - due a week on Monday - should make interesting reading.

It is worth stressing again that there is no point in generalising about an entire

## LONDON

## Shooting wide of the Treasury goal

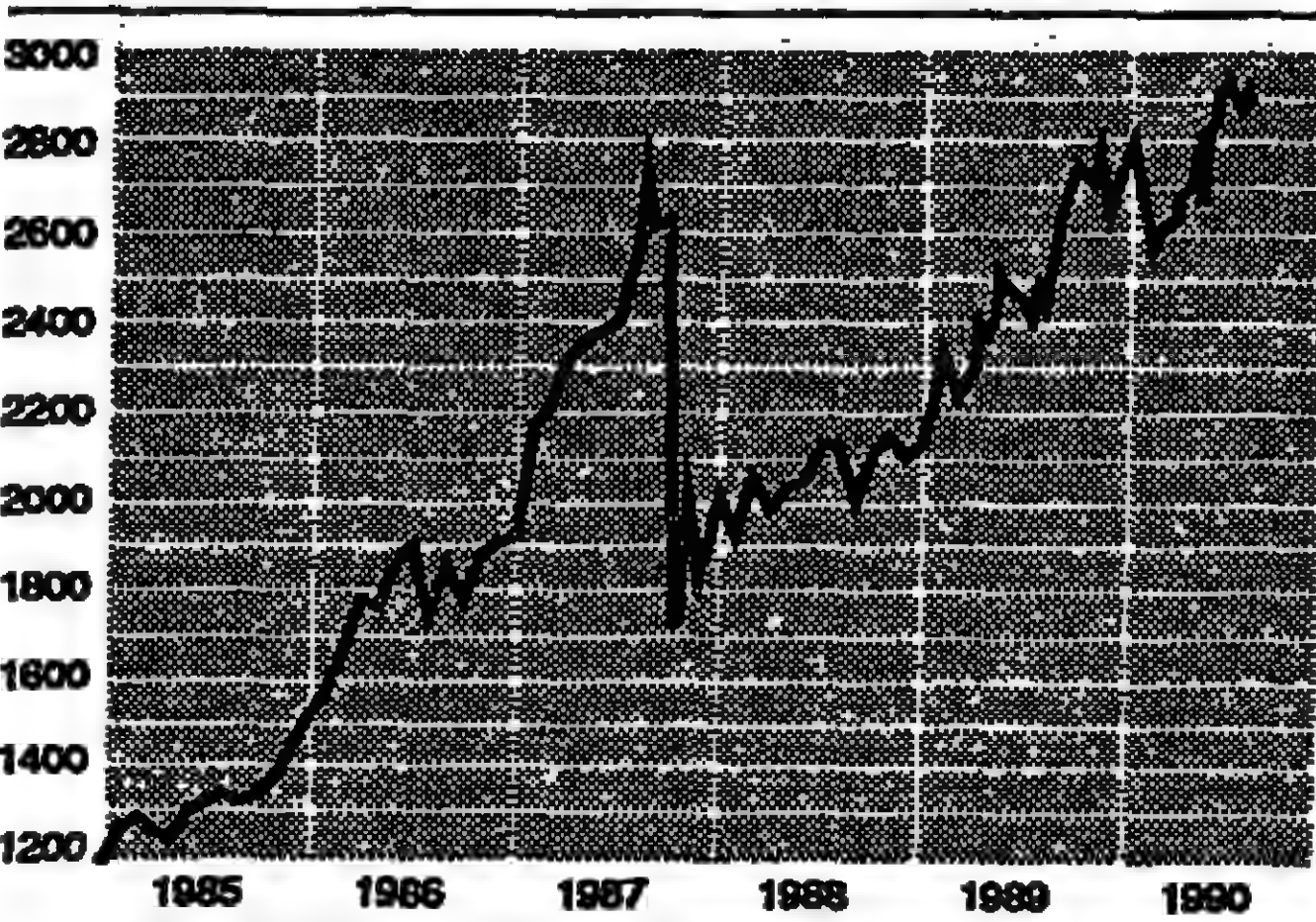
## HIGHLIGHTS OF THE WEEK

|                      | Price  | Change  | 1989   | 1990   |                                     |
|----------------------|--------|---------|--------|--------|-------------------------------------|
|                      | £/day  | on week | High   | Low    |                                     |
| FT-SE 100 Index      | 2340.0 | -34.6   | 2463.7 | 2103.4 | Corporate profits concern           |
| Akamass              | 206    | -30     | 257    | 163    | Bid from Glynned abandoned          |
| Amsco. British Foods | 418    | +23     | 425    | 372    | Berlford bid hopes                  |
| Berlford Ind.        | 64     | -48     | 151    | 63     | Poor results                        |
| Burton               | 104    | -14.2   | 226    | 101    | Consideration of profit warning     |
| Costain              | 271    | -17     | 318    | 229    | No early interest rate cuts         |
| Gerrard & Wall.      | 290    | -24     | 325    | 282    | No early interest rate cuts         |
| Hanson               | 228    | -18.2   | 249    | 209    | Smith-Corona scaled profit warning  |
| Legal & General      | 410    | -30     | 440.2  | 340    | Brokers turn bullish on life sector |
| Lloyd Thompson       | 308    | +13     | 308    | 287    | Buying by index tracking funds      |
| Midland Bank         | 307    | +17     | 404    | 271    | Broker buy recommendations          |
| P & O Delf.          | 615    | -43     | 667    | 583    | James Capel downgrades              |
| RTZ                  | 541    | -31     | 605    | 501    | Brokerage downgrades                |
| Railways             | 233ca  | -26     | 275    | 197    | Rights issue and acquisition        |
| Tiphook              | 563    | +21     | 563    | 430    | Good year end profits               |

## WALL STREET

## No holiday firecrackers

## Dow Jones Industrial Averages



terday morning. But equities resisted the trend - in part because of a correcting drop on Thursday amid rumours that the White House might be considering a tax on securities sales.

Still, the equity market looks as if it may be stuck in a dull sideways summer movement. While the Dow Jones Industrial Average reached a new peak of 2835.89 in mid-June, the index has been oscillating in a fairly tight band, with the closing level in a range of little more than 100 points. It could gain a new sense of direction from the latest quarterly results season or from a cut in short-term interest rates.

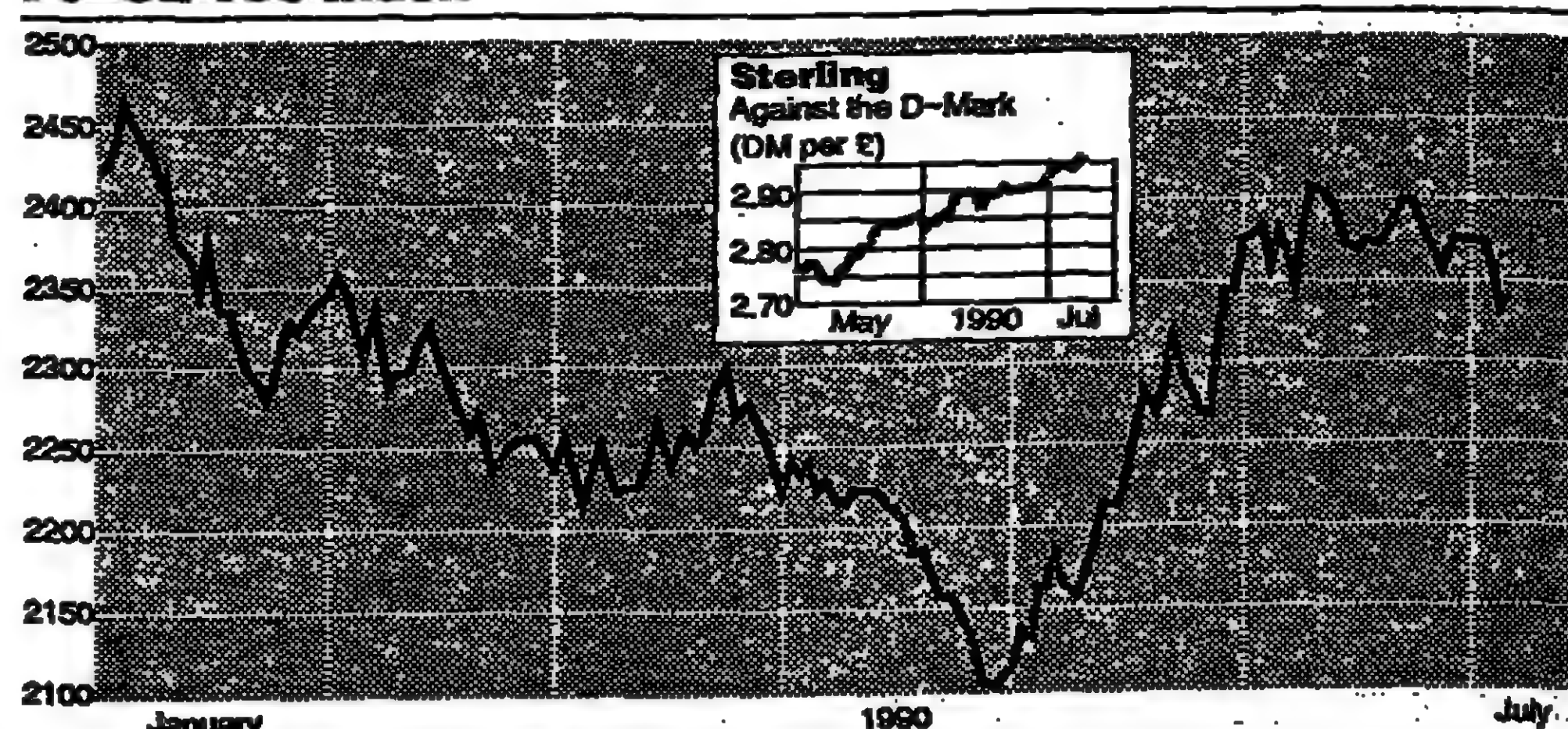
With the price/earnings ratio on the Standard & Poors 500 index towards the high end of the historic range at 16.6, the market could be vulnerable to nasty earnings shocks,

although it has managed to brush off profit warnings from some large manufacturers over the past couple of weeks.

The bullish argue that the economy is in no danger of spluttering to a halt, even though there are regional patches of rolling recession, and that the eight-year-old expansion will keep on going, albeit at a much reduced rate, as a relatively tight Fed monetary policy squeezes inflation out of the system.

Company earnings, the argument goes, will be weak for the first half of this year but show some recovery towards the end of 1990. The optimists would interpret yesterday's employment figures, together with surprisingly strong late-June car sales and a modest pickup in May factory orders, as pointing to a gradual recovery in the manufacturing sector.

## FT-SE 100 Index



sector. Budgets, the food retailer, warned about profits on Tuesday, but blamed its plight on the cost of restructuring rather than the retail climate. Yet a very different retailer, the jeweller Ratners, is confident it can persuade shareholders to accept a £130m rights issue to fund further expansion in the US - the £412m acquisition of the heavily-borrowed chain Kays Jewellers, announced on Monday. If that succeeds, it should prove that the market can still show an appetite for the right deal by the right company, even if it finds itself in the "wrong" sector.

The problems Berlford International, the sugar and property group, have been trickling out grain by grain over recent months. This week two lumps of bad news were dropped into the market. On Monday - following gloomy weekend press reports of Berlford's plight - Tate & Lyle surprised everybody by announcing it was abandoning any attempt to merge with the company. Some City observers, not least Berlford's advisers, believed Tate should have confined itself to a gentlemanly statement along those lines. Instead, the sugar group went on to refer to the "value and status of certain Berlford non-sugar assets" as a reason for withdrawing.

Those concerns - notably about Berlford's ill-judged New York property

investments - were spectacularly justified on Thursday, when the company unveiled losses after provisions of £144.5m for the half-year to the end of March. US property provisions accounted for £147m of a £161m extraordinary charge.

So deep is the trauma at Berlford, which lost its controversial chairman Mr Ephraim Margulies earlier this year - that the company is prepared to sell British Sugar, possibly its only attractive asset.

Berlford says it is talking to several potential buyers of all or part of the company, including Associated British Foods, the baking and milling group which owns a 23 per cent stake, but there are bound to be doubts about whether the company can sugar the pill enough to make it palatable. Berlford shares ended the week down 48p at 64p.

Other corporate news was sparse, but apart from Berlford and the retailers, most companies broadcast a more optimistic tale this week, at least by comparison with last week's gloomy symptoms of the economic downturn.

On Monday, for example, Scottish Newcastles Breweries announced a 33 per cent increase in profits for the year to the end of April - from £138m to £183m - with the help of a first-time profit from the group's new leisure interests, Pontins and Center Parcs.

Tiphook, meanwhile, continues to strengthen its reputation as one of the world's fastest-growing container rental companies. It doubled its fleet of cargo containers earlier this year when it bought 300,000 units from Sea Containers after a nine-month bid battle. But even without the benefits of that acquisition, the group was able to announce profits nearly doubled at £32.1m last year. They should more than double again in 1990-91.

Figures from General Electric Company, the largest group to report earnings this week, were less well-received by the City. The results were blurred by the after-effects of a number of complex deals last year, but GEC revealed that it had made £872m before tax in the year to March 31, up 8.4 per cent on the previous 12 months. But analysts still seem unimpressed by the group's underlying performance.

Finally, executives at the British Coal Pension Fund will have a chance to relax in front of the final stages of the World Cup and Wimbledon this weekend.

They achieved their goal yesterday when a few wavering institutional investors in Globe Investment Trust finally capitulated to the coalmen's £1.1bn hostile bid - just ahead of the official closing date for the offer on Monday.

Andrew Hill

## JUNIOR MARKETS

## View from the venturers

IF ANYONE is well-placed to assess the economic and financial outlook facing Britain's smaller companies, it is 3i Group, the UK's biggest venture capital investor.

"We have investments in 200 listed companies," says Derek Sach, executive director. "We must be one of the bigger holders of these small company shares." He adds (though listed investments make up a small proportion of the 4,000 companies in 3i's portfolio).

On Tuesday, 3i showed that this exposure to smaller companies has a price: it announced a sharp fall in total after-tax returns in 1989-90 and doubled its bad-debt provisions.

Although pre-tax profits were up slightly, 3i's total return figure shows a fall in the value of its portfolio, and revenue and capital profits, fell from £22m to £14m, the lowest for at least five years.

The main reason for the fall was the fall in stockmarket prices - of about 13 per cent in the year - and the corresponding downward valuation of 3i's unquoted investments. The valuation problem will be sadly familiar to any investor in the USM. Despite the faintest flicker of a recovery in recent weeks, the Datastream USM index has still underperformed the FT-Actuaries All Share Index by 28 per cent over the past year. And though the absolute terms, the USM index has risen a couple of percentage points since mid-May, it is only half its value before the October 1987 crash.

Sach says: "Underlying growth in the profits of small companies is still faster than in big companies. And the quality of management is improving dramatically." But the stock market does not reflect these attributes.

Part of the reason, in large part, to the changes in the London stockmarket. "You can trade big blocks of shares in big companies very easily on your screen. In small companies trading is much more difficult. We have noticed a marked deterioration in liquidity in the shares of the 200 listed companies in which we invest."

One side-effect of this has been to reduce flotation as a suitable exit route from small company ownership for venture capitalists. "If you went back three years ago, you'd find a lot of our customers looking at flotation," says Sach. "Now you could find more who would like to delist than list."

The outlook for smaller companies is not gloomy, however. "Our impression is that the typical smaller or medium-sized company is doing quite well," he says. "This is not particularly related to the sector

the company is in. The ones who are doing exceptionally well are the ones who are exporting, taking advantage of the big changes in Europe in 1992, the opening up of Eastern Europe and so on. They are the people who are alert and reactive to what's happening. Most of our successful companies are doing things that are very different from ten years ago, in technology or the way of doing business."

"People in engineering who have a product, let's say a pump for air-conditioning who are selling it throughout Europe, who are meeting the new specifications for the Common Market - they are the people who are doing well."

"The opportunities are very much in traditional sectors," he says. "This includes such mature industries as printing, distribution, food processing, and even foundries, a declining industry a few years ago."

"We now have investments in a number of specialist foundries, making small runs of specialised products. And people who supply hardware to scrap dealers - or waste reclamation engineers as they call themselves these days - are doing very well."

The prospects for the biggest USM sectors attract the following comments from 3i's team of industry advisers:

■ Shares (13 USM companies, 7 per cent of total USM market capitalisation). Core pressures mounting from interest rate rises, reviews, uniform business rate, strong wage increases. Good premises easier to find without big premium. Growth possible for smaller retailers which provide personal service. Buyout prices low. Good items in ladies' clothing, sports shops, popular jewellery, food.

■ Leisure (31 USM companies, 7 per cent of market capitalisation). Competition increasing, especially in budget accommodation. "Companies can no longer rely on capital value appreciation to hide disappointing operating returns." Need focus on operating costs, greater investment in training, labour saving methods.

■ Electronics (35 USM companies, 6% of market capitalisation). Increased competition from abroad forcing UK companies to invest in R&D to survive. Weak assets: defence, telecommunications, strong assets: mobile and data communications, PC software developers, optical scanners, and user support for software.

■ Construction (73 USM companies, 3% of market capitalisation). Despite downturn, successful firms growing because they have spread their activities. Strong areas: repair and maintenance, infrastructure, water industry, energy.

Peter Martin

## Outsiders battle for placings

an issuing broker could give 25 per cent of the new shares to market makers on the stock exchange floor, which at least enabled other brokers to pick up the shares for their clients. However, now the procedure for small placings is that an issuing broker can place all of the new shares among his institutional or private clients or, in the case of larger placings, give 25 per cent of the shares to another distributor. "We would probably put some shares with our discretionary clients and would ring round customers to drum up interest from them," says Orr. "The man in the street isn't likely to get the stock, it will go to the favoured clients."

Fred Carr of W I Carr says: "There isn't a fair way of doing it. Sometimes if the brokers think the company's share price will open at a decent premium, they encourage the loyal clients or those clients who have suffered from a mis-

take made by the broker to take shares."

The only way of spreading the ownership might be for the broker to put some of the shares in an in-house unit trust. So what can the small investor do?

He can tell his broker that he is interested in buying the shares in a placing, in which case his broker applies on his behalf to the issuing broker. But in the majority of these cases he is still unlikely to receive any of the shares.

Alternatively, he could register with a broker who makes a lot of placings to clients. For example, a broker who is strong on both the private client and the corporate side is likely to be involved in placings. Henry Cooke Lumsden and Albert E Sharp are two regional stockbroking firms which are involved in placings among clients. Sharp is broker to 54 regional companies.

Nick Justin of Henry Cooke

Lumsden says placings are one way of rewarding loyal customers. RCL does about six or so placings and introductions a year for corporate clients.

Albert E Sharp points out that distributing lots of small batches of shares to private investors is not always advantageous to the company or the investor. For a start, if a lot of the small investors decide to sell immediately in order to make a quick profit, the share price may fall. Second, investors who sell small batches are likely to see much of the profit wiped out by commission and dealing charges.

It is possible that the stock exchange may change the rules governing placings so that the private investor has a better chance of participating.

More companies are floated by means of a placing than by an offer for sale. A recent Stock Exchange Review Committee report states that since 1980, 876 companies have been

## Martin Dickson

floats by a placing compared with 301 companies offered for sale. According to the report: "The placing is the natural method of bringing a smaller company to the market."

He puts this down, in large part, to the changes in the London stockmarket. "You can trade big blocks of shares in big companies very easily on your screen. In small companies trading is much more difficult. We have noticed a marked deterioration in liquidity in the shares of the 200 listed companies in which we invest."

One side-effect of this has been to reduce flotation as a suitable exit route from small company ownership for venture capitalists. "If you went back three years ago, you'd find a lot of our customers looking at flotation," says Sach. "Now you could find more who would like to delist than list."

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Sara Webb



## FINANCE &amp; THE FAMILY

Pitfalls abound when it comes to choosing a good financial adviser. Sara Webb gives some advice

## Golden rules for investing your nest egg

TAKE THE following two chips. Mr X is one of the many unfortunate investors who had a personal recommendation from a dinner party acquaintance to put his money with Dunsdale, the Park Lane investment firm which collapsed last month. He thought he was safe as his "friend" told him all about the attractive returns that Dunsdale promised its clients, and he was too lazy to make any checks.

Mr Y took another route. He did all his own homework. He looked at the performance of different advisers' funds, asked around for second opinions, and checked whether they were authorised to conduct business. Finally he selected his adviser.

A year later, however, he is wholly dissatisfied because he thinks that they have failed to meet his investment objectives.

The moral is that even if you do put a lot of time and effort into finding a financial adviser, satisfaction is not necessarily guaranteed. Finding a good financial adviser can be hard work. There is no shortage of choice. What should the investor take into consideration when narrowing the field?

■ **Size.** You may feel more secure with one of the big names on the basis that a big bank or investment house is less likely to collapse than a small firm run by a "man and his dogs body."

However, there are exceptions to this rule. Remember that when British & Commonwealth's troubles began, investors with the stockpiling arm were unable to get their money out quickly. Also, size does not guarantee good performance: the big banks and investment houses may only be interested in customers with £100,000 or

more, and as the Investment Referees (who deal with those complaints about investment advisers and managers which cannot be resolved by Imro and Fimbra) will testify, there is no shortage of complaints about the way that some of the big names handle portfolios.

Added to which, some people may prefer to deal with a small investment firm where they receive a more personal service.

■ **Check that the firm you are dealing with is authorised by one of the self-regulatory organisations and has not been recently suspended (although this is not always a guarantee as the Dunsdale case proved - for Dunsdale had recently been**

**If the company promises to reach for the sky, the risk is likely to be very high**

inspected by Fimbra and given a clean bill of health).

■ **Fees.** A lot of people assume that financial advice comes free. It doesn't. You may be charged fees or you may find that your adviser is remunerated by commission on the products he sells. You should always check how much your adviser receives in commission.

■ **Write any cheques to the investment company rather than to an intermediary or independent adviser.** In other words, if you are buying units in XYZ fund, write the cheque to the relevant fund management group rather than to Mr Greysuit, the financial adviser.

■ **Meet your financial**

adviser face-to-face and grill him. Make sure you understand everything the adviser says and do not be afraid to ask stupid questions or get him to explain one particular point several times if you still don't understand what on earth he is talking about.

If your money is going to be handled on a discretionary basis, it is very important that you and the adviser should agree in writing about your investment objectives. The more detailed the information you get from your adviser, the better.

A lot of people assume that once they hand over a portfolio to the manager with instructions to restructure it, he will rush to sell everything he may not, because once he has been given discretion he may want to wait for a good opportunity to sell your shares.

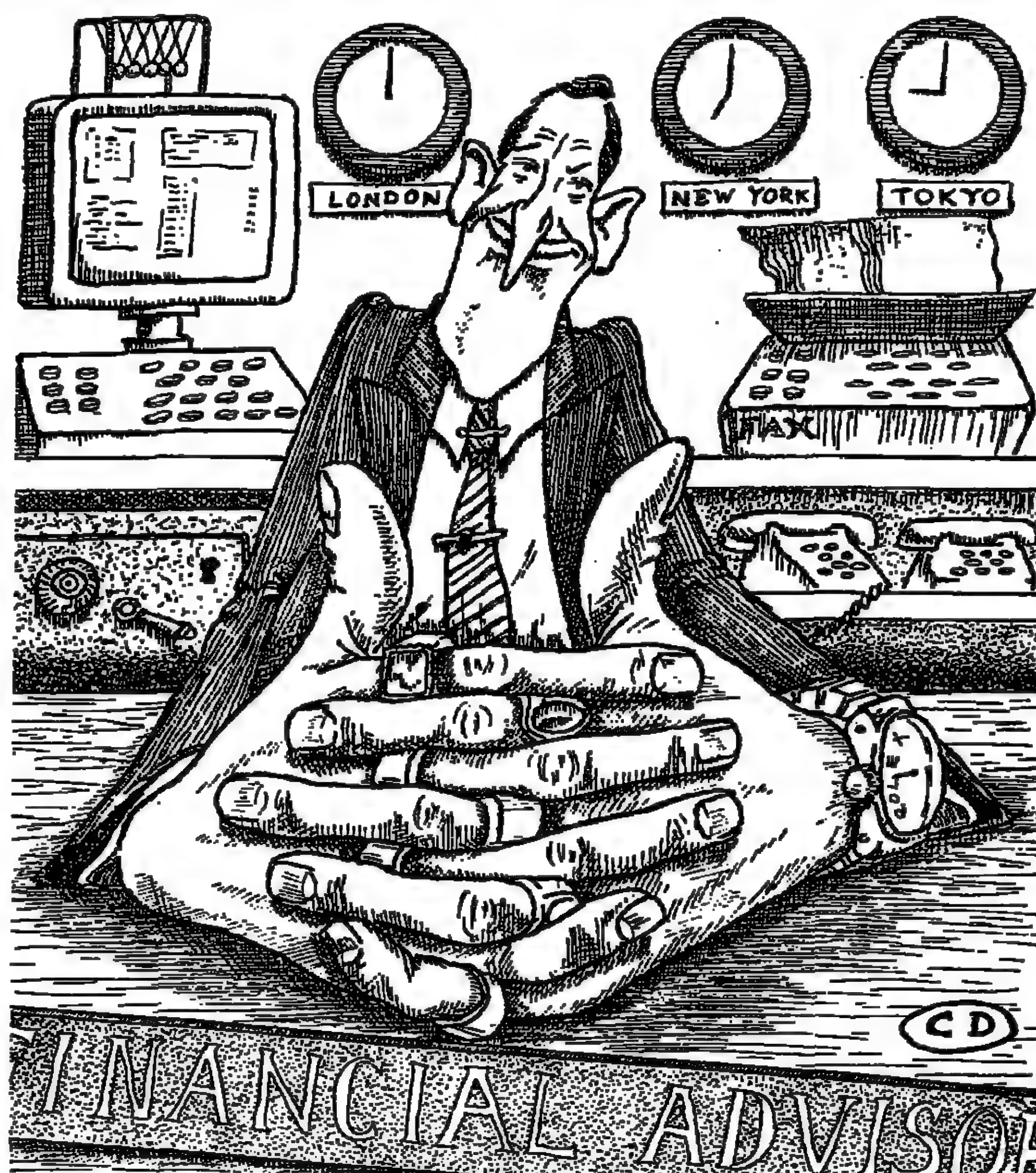
What kind of questions should you ask? Lance Blackstone, partner with accountants Blackstone Franks & Co, has drawn up a checklist for clients who want to know what kind of questions they should ask an adviser before handing over their life savings.

The list is based on advice given by accounting professor Steven Albrecht of Brigham Young University in the US. His advice is to consider the following questions:

■ **Is the adviser encouraging you to part with your money as quickly as possible on the grounds that you "could lose a good opportunity?"**

■ **Does the return depend on a tax loophole? Remember, tax loopholes may be closed quite quickly.**

■ **What kind of proof are they offering of returns? Can they show you audited financial statements?**



■ **Does the return depend on certain economic factors - for example, high inflation - and how realistic is this?**

■ **How keen are you to take risks? Would you mind if your entire investment was wiped out?**

■ **Can you make a small investment first or are you being encouraged to put your entire life savings into the wonder fund?**

■ **If you change your mind, how fast can you pull out your money?**

■ **Do you have to pay any fees up front?**

Blackstone says his firm gets about one investment adviser with possibly "dubious creden-

tials" knocking on his door every month or so. "These people usually try to surround themselves with a cloak of respectability by getting accountants and solicitors to lend their names to whatever venture they are planning," he adds.

In one case, an American "adviser" visited Blackstone with a solicitor and started to ask for advice on property deals in the UK.

"It all sounded very fishy: he gave names of people he had spoken to at Hill Samuel (who, it turned out, had only spoken to him on the telephone, but had not given their support to the project). Eventually I tracked him down through a credit agency in the US and found his address was a front and not a real office," says Blackstone.

He says that it is very important to check out financial

advisers as thoroughly as possible, following up the names of any contacts that they drop. In this way, you can check that any accountants and solicitors mentioned really have given the project their backing.

"Common sense never expect you to call their bluff when they drop names because it's usually someone they think you would not dream of ringing up," adds Blackstone. So make a point of getting names and numbers - and call their bluff.

Finally, does the promised rate of return sound reasonable - or is it simply too good to be true? How does it compare with what other firms are offering? Investors in Barlow Clowes were attracted by the promises of very high returns - and were cruelly disappointed. Just remember, if the company is promising to reach the sky, the risk is likely to be very high.

In need of trustworthy advice? Richard Lambert supplies...

## Ten handy hints for the wary investor

**YOUR BUSINESS** - and goodwill - should be a matter of real concern to your investment adviser. He or she should be awake at night worrying about your successes and failures.

Handy hint number one comes from American author John Rothchild:

■ **Never trust a broker whose suit is worth more than your portfolio.**

The style and location of his offices will give some useful hints about his priorities. David Hopkinson, former boss of the M&G unit trust group, has a golden rule which served him well: ■ **Never put money in a business which has a fountain in the front hall.**

Everyone knows that the higher the return promised on an investment, the greater the risk. Yet this does not stop wide-eyed investors from leaping into dubious schemes without bothering to check the background.

■ **If a used car is twice as shiny and half as expensive as anything else on the forecourt, kick its tyres four times as hard.**

The riskier an investment, the more time you need to spend worrying about it. Bernard Baruch, the legendary American investor, had one piece of advice for would-be imitators:

■ **Don't speculate unless you can make it a full-time job.**

The less your portfolio is diversified, the greater your risk. The Chinese have a proverb:

■ **He who puts all his eggs in one basket will end up with some on his face.**

Investment should be a simple business. The more complicated the proposal, the more suspicious you should become. Another of Rothchild's maxims:

■ **Never buy the June call and sell the October put simultaneously, unless you know what they are.**

And be warned: ■ **The first thing the broker**

recommends will generally earn him the highest commission.

The wary investor will pay close attention to the way in which the salesman presents his case.

■ **The use of certain words in the sales pitch should make you reach for your revolver.**

These include: unique; guaranteed; opportunity; 12.5 per cent compound (or any higher figure).

Another useful hint: ■ **If the salesman sheds a tear, throw him out of the window.** He is almost certainly trying, as a last resort, to see if you have any better feelings. This technique was known in the training manuals of the late, unlamented Investors Overseas Services as "the Last Sale Close."

Other methods taught to IOS salesmen included the Alternate Choice Close, the Eliminate the Negative Close, the Similar Situation Close, and the Winston Churchill Close (better known in the US as the Ben Franklin Close, which involves writing the pros and cons of a deal on a piece of paper - with the salesman supplying the pros and leaving the prospect to scribble around for cons).

The final thought comes from the greatest investment writer in the history of the universe, Benjamin Graham, author of the standard work on investment analysis.

He always used to marvel at the way capable businessmen would try to operate on Wall Street with complete disregard of all the sound principles through which they had gained success in their own undertakings.

His motto: ■ **Investment is most intelligent when it is most businesslike.**

\* *A Fool and his Money by John Rothchild, New York 1988.*  
\*\* *Taken from Do You Sincerely Want To Be Rich?*, by Charles Hawn, Bruce Page and Godfrey Hodgson, London 1971.

## The hard lessons of change

AFTER five years as personal finance editor of the *Financial Times*, what lessons can I pass on to readers on my early retirement?

There have certainly been some radical changes in the UK during the past five years. Big Bang in the City of London; the introduction of the Financial Services Act; the Government campaign to widen share ownership; the pensions revolution; and a transformation of the mortgage market. In Thatcher's Britain there is much greater awareness about personal finance.

Unfortunately, not all these changes have worked to the advantage of the public. The private investor, for example, is much worse off after Big Bang, and the great stock market crash in October 1987 has stopped the wider spread of share ownership in its tracks. The Financial Services Act is providing precious little protection in spite of the huge cost involved in putting down a new layer of bureaucracy.

Greater freedom and choice may be welcome, but they also make life much more difficult for the man in the street. It is relatively easy to select the right dish from a limited menu, but much harder if there is a plethora of choice.

Some things haven't changed. There are still plenty of wolves, often in respectable clothing, waiting to pounce on the innocent "sheep." It is a sad fact, for example, that it is very difficult to get products (whatever their merits) that do not provide a hefty commission for the seller.

This applies not only to independent financial advisers: it also affects banks, building societies and stockbrokers. Banks and building societies are particularly guilty, quite shamelessly on occasions "recommending" totally unsuitable products, either through greed or ignorance. And who ever heard of a stockbroker suggesting that a client would do better to avoid the stock market?

Company representatives and agents "tied" to particular groups too often seek to pass themselves off as offering impartial, independent advice, when they are in fact doing

nothing of the kind.

So my first lesson would be to take a cautious, even cynical, view before making any financial decision.

Under the terms of the Financial Services Act you have much greater power to demand information. Do not be frightened to ask about hidden charges and penalties. If you are not told the full facts, you will have a strong case for compensation.

Unfortunately, mortgages - a particularly dangerous minefield - are not covered by the Financial Services Act since they are not deemed to be

taking into account a modest rate of inflation over that period.

You should also remember that pensions do not "save" tax; they simply defer it until a later date. Personal Equity Plans (PEPs) do provide genuine tax concessions. But they have all kinds of restrictions and charges that make them an unattractive way of buying individual shares.

However, the investment and unit trust versions of PEPs - especially those that have no added charges - are genuinely appealing.

John Edwards, right, who retired last week after five years as personal finance editor of the *Financial Times*, reflects on the many changes over that period and finds that the small investor, although better informed, is still easy prey for the wolves and profiteers of the industry



investment products. So you must be particularly careful.

Nowadays the borrower is in a much stronger position, with a surplus of lenders seeking business and the building societies' monopoly broken. However, there are also many more hidden dangers to go with the wider choice. Is it, for example, really sensible to take out a fixed rate mortgage at present, when interest rates are near, or at, their peak?

Many fixed rate loans include exorbitant early redemption penalties or are tied to taking out expensive repayment plans. Deferred interest and low-start mortgages are especially dangerous.

Pensions are equally hazardous. The rules of thumb are not to let tax "savings" cloud your judgment; and not to be tempted by the telephone-number rewards promised by pensions and other long-term investment products, such as endowment and other life assurance policies.

Just try calculating what, say, £1,000 would be worth over 25 years, assuming that interest is reinvested and compounded annually. Then see what it will be *really* worth

I am not entirely convinced that investment trusts are necessarily better than unit trusts, in spite of the lower charges. The discount at which investment trust shares trade to their underlying net asset value can widen as well as narrow. And the greater freedoms available to an investment trust fund manager can increase the risk; so can the extra leverage provided by being able to borrow money.

If you are wary about going into the stock market, the safest method is to use regular investment plans where you contribute a fixed amount each month. These have the advantage of pound cost averaging, while protecting you against market fluctuations.

You obtain more units, or shares, when the market is low and fewer when it is rising. For the first-time investor in particular, investment trust savings scheme provide the cheapest, and safest, way of entering the stock market. They are very good value.

Unit trusts are more variable in that they are heavily loaded with charges. You start with a "loss" of 6 per cent or so, and rely on the skill of the fund

manager to try and catch up. Direct investment in shares is also difficult. Unless you are a real expert and devote a lot of time to picking shares, you have to rely on the advice given by stockbrokers - and their highly-paid analysts. To receive any kind of service and attention from brokers, or specialist investment houses, you need quite a large amount of money available for investment - from £100,000 upwards.

However, a weight of statistical evidence shows that over the last 20 to 40 years the only real way of protecting your savings against inflation is to

invest in shares. Everyone should have a big proportion of their money in shares; the problem is how to achieve this effectively without having to pay too much.

There is no easy solution. It is a question of trust and confidence. The huge changes made in the working of the Stock Exchange have done little or nothing so far to help the small, private investor. Just the opposite, in fact: it is the institutions which have benefited most. So there is a strong case for using institutions to handle your money, while at the same time keeping an eye on the charges.

Banks and banking is the other area in which charges need to be carefully watched. Though banks proclaim constantly the wonderful service they provide, anyone in the real world knows that providing a service comes low down their list of priorities. All too often customers are treated with contempt; and any errors are almost always in favour of the banks.

Forced by public opinion, and competition, to start paying a modest rate of interest on current accounts, they have devised all kinds of hidden charges and penal rates on overdrafts. To anyone concerned about money, I would strongly recommend that the first step should be to check your monthly bank statements with the utmost care. They can be very revealing.

To my mind, small is beautiful when it comes to personal finance, which vary according to individual needs. I believe there is considerable scope for the specialist adviser, charging fees in the manner of accountants or solicitors, rather than relying on commission. For the intelligent investor, this is where the future lies.

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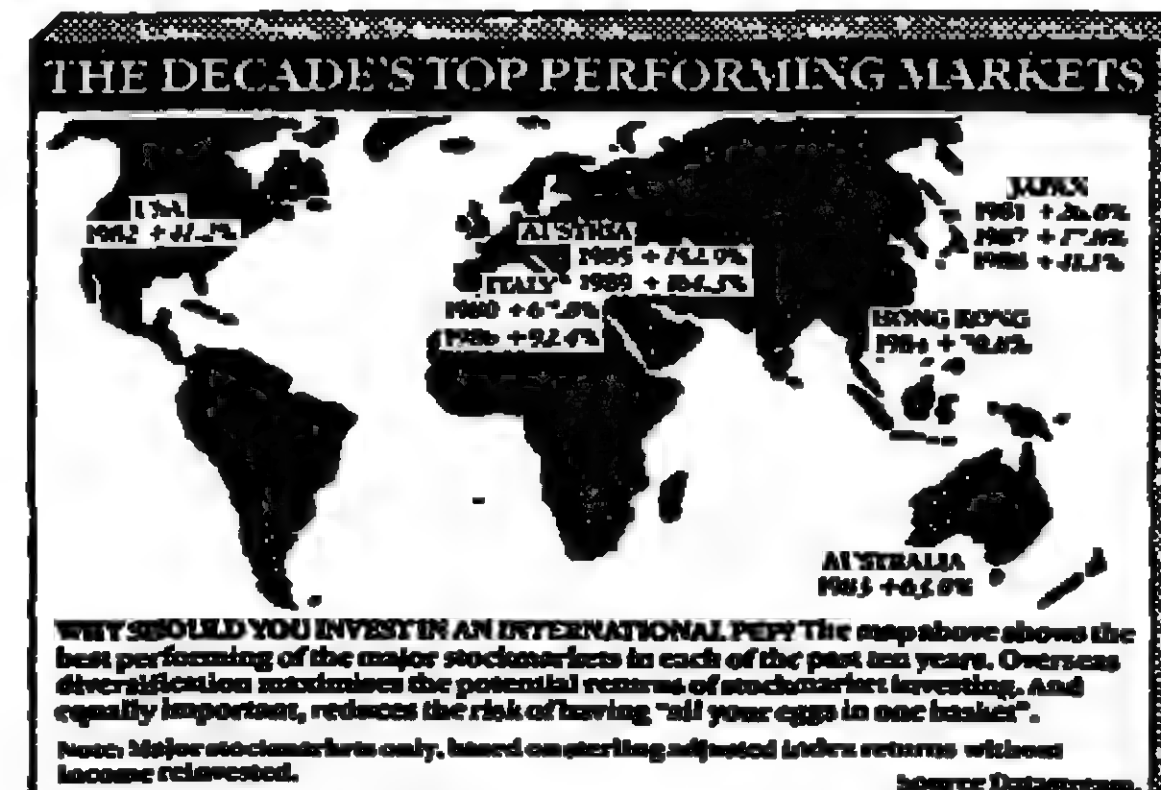
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|---|--|---|--|
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| 2 YEAR TERM SHARE (minimum investment £1,000) | 2 YEAR TERM SHARE (minimum investment £1,000)  | 2 YEAR TERM SHARE (minimum investment £1,000)   | 2 YEAR TERM SHARE (minimum investment £1,000)  |
| 12.5% (net p.a.)                              | 12.75% (net p.a.)                              | 12.0% (net p.a.)                                | 12.0% (net p.a.)                               |
| 16.67% gross*                                 | 17.0% gross*                                   | 16.0% gross*                                    | 16.0% gross*                                   |

**General Portfolio**

\*Equivalent gross rate for basic rate taxpayers. Full details of these accounts can be provided on request. General Portfolio Life Insurance PLC, General Portfolio House, Harlow, Essex CM20 2EW. Tel: 0270 626282. A member of Lloyds.



## FINANCE &amp; THE FAMILY

David Waller examines Inland Revenue changes to the private car business mileage allowance system

## Tax-free travel loses its accountability

### ALLOWABLE MILEAGE RATE

|                           | Cars up to 1,000cc | Cars 1,001 to 1,500cc | Cars 1,501 to 2,000cc | Cars over 2,000cc |
|---------------------------|--------------------|-----------------------|-----------------------|-------------------|
| 99-90 - all mileage       | 24.5p              | 30p                   | 34p                   | 34p               |
| 90-91 - up to 4,000 miles | 24.5p              | 30p                   | 34p                   | 43p               |
| - over 4,000 miles        | 9.5p               | 11.5p                 | 13.5p                 | 16.5p             |

Source: Inland Revenue

TRAINEE ACCOUNTANTS have a hard life. It takes at least three years to qualify, and that time is often a period of extreme drudgery.

However they enjoy one outstanding perk: too junior to get company cars, they do get mileage allowances for all the journeys they make driving their own cars to see their audit clients.

The perk is enjoyed not just by trainee accountants, but by tens of thousands of other people who work in the public sector, such as nurses or civil servants, and in the lower ranks of business by those who do not have the status to get a company car.

For many years, the allowance has been worth between 24.5p and 34p a mile. It finds its way into the employee's pay packet at the end of each month.

But announcing changes to the rules, the Inland Revenue pointed out that the payment is not supposed to be a perk, but should represent the cost to the individual of running his or her own car for business purposes.

But for many employees, especially young accountants and other professionals, it has traditionally provided a huge incentive to cover as many miles as possible during the working week.

It takes little financial ingenuity to work out that the ideal assignment is sufficiently far from the home office to glean as big a mileage allowance as possible, but not so far as to qualify the employee for a night in a hotel.

This is not discouraged by employers in the professions as the cost is passed on the client,

who thus ends up helping the trainees to finance the purchase of their own cars.

The Revenue has taken a long hard look at the allowance, and decided that they are too generous.

It said last week that the tax-free mileage rates have got out of line for a number of reasons. One is that the rates give excessive relief for standing costs such as insurance, car tax and depreciation, which are fixed and do not vary with the level of business motoring.

Another, that the rates include relief for depreciation, to which most employees are not otherwise entitled.

The rules have been changed so that the allowance comes into line with the true costs of business mileage done in a private car. A new mileage rate has been introduced for cars over 2,000cc, but more importantly the Revenue has introduced a new tier of rates for business miles done beyond 4,000 a year. The rates will stay the same for up to 4,000 miles, and will be frozen until they reflect more closely actual motoring costs.

At the same time, the Revenue has relaxed the conditions under which employees can claim capital allowances for business miles.

At present, relief for depreciation is only available if the employee has no choice but to use a car for business - ie, only if there is no public transport available - but this stringent condition is to be dropped.

In very simple terms, the net result of the changes is that people doing more than 4,000 business miles a year will pay more tax. But those who do

less may well be better off.

Derek Jenkins, a tax specialist at Coopers & Lybrand Deloitte who cheerfully admits to buying his first car many years ago on the back of mileage allowance, has done some calculations showing the effect of the new rules.

Employees A, who covers 4,000 business miles out of a total of 12,000 miles in his own 2.3 litre car worth £15,000, does materially better than before: his tax-free mileage reimbursement goes up from £1,350 in 1989-90 to £1,720 in 1990-91, and he gets capital allowances of £1,250 worth £500 at a 40 per cent tax rate.

Employee C, who covers 25,000 business miles out of 30,000 in his modest, £3,000 1,600cc car, finds himself £4,150 worse off under the new system, mainly because the tax free reimbursement drops from £3,600 to £2,195.

Employee B, who covers 12,000 miles out of 18,000 in his 1,985cc car, is £540 worse off under the new system.

The Revenue's transitional arrangements for the new system mean that no-one will be worse off this year than last. Nevertheless it is worth getting advice.

Those who have company cars but have been considering changing to their own cars because of the rapid increase in scale charges in the last three budgets, may also have to do some new calculations.

So talk to an accountant - but preferably not a disgruntled trainee one, who will undoubtedly find himself or herself worse off under the new scheme.

*Motoring, page XIV*

ADRIAN PARSONS, the unit trust ombudsman, is a sorry man. At the end of this month, M&G, the largest member of the unit trust ombudsman scheme, is pulling out.

It is a blow for Parsons, who took over as the ombudsman in July 1989 and who despairs over the shortage of work for him to do in the unit trust field. Unlike his colleague, the insurance ombudsman Dr Julian Farrand, with whom Parsons shares an office, his in-tray is not full of complaints from the public.

Other unit trust groups which were considering whether they should join the ombudsman scheme may now wait and see if more unit trust groups follow M&G's example and whether the scheme eventually fizzles out, given that Parsons, by his own admission, does not have enough work monitoring complaints about unit trusts to keep him busy.

"It's not that I'm sitting here idly," he is quick to point out. But much of his time is taken up reading the financial press rather than following up specific complaints. Most of the complaints he has had (and still has) to tackle stem from the October 1987 stock market crash, although people are less inclined to complain about performance when the market is rising. Other common complaints relate to the pricing of unit trusts.

From M&G's point of view, there was nothing to be gained from belonging to a scheme

## Blow for unit trust watchdog

which was barely used by the investing public and for which the membership costs are high.

Since the scheme began in October 1988, some 60 unit trust management groups, out of a total of more than 150, have joined. Unit trust groups owned by the big merchant banks have tended not to join the scheme. In the first 15 months of its operation, 161 complaints were received. Of these, only 73 related to member companies of the ombudsman scheme. Of the total number of cases, 99 per cent were resolved by the ombudsman.

M&G paid £20,000 in annual membership fees and two complaints were made against the group. "That is very expensive per query," says Roger Jennings, the marketing director at M&G.

"The scheme didn't meet a need because very few people have difficulties with their unit trust manager... the public is quite capable of phoning up and asking the management company to do something," says Jennings. "So why are we trying to support an organisation used by very few people?"

Parsons thinks the dissatisfaction stems from the fact that the initial setting-up costs

were borne by a few members. "The charging system meant that original members suffered for being the pioneers." Other members now want to see if M&G's withdrawal will lead to higher costs. "We will be meeting with the ombudsman soon to discuss costs. M&G's withdrawal will put pressure on the expansion of the scheme," says Julian Tregoning, director of Sava & Prosper.

However, Parsons says that M&G's withdrawal from the scheme will not leave its unit holders unprotected. Complaints about sales techniques can be referred to Lauro (Life Assurance and Unit Trust Regulatory Organisation), while complaints about the administration and management can be passed to the Investment Management Regulatory Organisation.

**■ The Unit Trust Ombudsman**, 31 Southampton Row, London WC1R 5EH, tel 071-872-8513. **IMRO**, Broadwalk House, 5 Apollo Street, London EC2A 2LL, tel 071-538-0202. **Lauro**, Centre Point, 103 New Oxford Street, London WC1A 1QF, tel 071-579-0444.

Sara Webb

## Chase moves in on UK's finance advisory sector

IT TAKES a shrewd marketing man to think of launching an American bank's independent financial advisory service on July 4 - Independence Day.

The bank in question is Chase Manhattan, which has launched an independent telephone-based advisory service this week as part of its plan to expand in the UK retail market.

The financial service will concentrate on areas such as mortgages and remortgaging, pensions, school fees, health care, retirement planning and insurance, with special offers such as discounts on medical insurance premiums. In the autumn, Chase plans to start offering more detailed investment advice.

The idea is that customers should be able to ring up and discuss their financial problems and requirements over the telephone with a Chase consultant.

If the problems prove more complicated they may be advised to come in for a

face-to-face consultation, but Chase hopes that most of its customers will be able to deal with their problems over the phone and by post.

Chase claims that its service is independent, but there are two points to note. First, Chase has selected 32 big names in the financial field from which to select relevant products. These include Allied Dunbar, Baring, Bupa, James Capel, Cheltenham & Gloucester building society, Schroder, Legal & General, M&G, Sun Life and Skandia. Obviously this restricts the choice, but Chase says it has specifically chosen companies with a good performance record over the long term.

Second, although the initial advice is free, you may have to pay fees and commissions once you instruct Chase to act on the advice given. Clients should be aware that Chase will make its money out of the commissions paid on products sold to them. And while Chase is obliged to disclose the size of

those commissions to customers who enquire, it is not obliged to volunteer this information. So, remember to make a point of asking for details.

Initially, Chase will have three financial advisers answering clients' queries: David Nock, who joined Chase two years ago from John Charcol (the mortgage broker), and two others who have been recruited directly from Allied Dunbar's broker division.

Chase entered the UK retail market with its Visa Card two years ago and now has more than 200,000 card holders. Most of these have an income of £10,000 or more and own their home. Chase hopes to use these as the initial customer base for the financial advisory service.

Chase Manhattan's financial service is authorised by the Securities and Investments Board (SIB). The telephone number is 081-741-0088, from 9am-6pm on weekdays.

S W

## Pep and pension pack

FIRST CHARTER Investment Management, the company formed by John Wilson and other members of the former Dominion Investment management team with the backing of Ensign Trust, this week unveiled a scheme which combines a pension and a personal equity plan (Pep).

The idea of the package is to offer tax relief on the way in, via the pension element, and tax-free income on the way out, via the Pep.

The scheme could, therefore, make a more flexible form of additional voluntary contributions, with the ability to with-

draw some funds before retirement if required.

First Charter is also planning a high-income Pep in conjunction with Exeter Fund Managers.

The Pep will be invested in the Exeter High Income unit trust which currently provides a yield of around 12.5 per cent gross by investing in the income shares of "split level" investment trusts.

National Investment Group, the private stockbroker, is giving a 50 per cent discount on the initial charges for its Pep

schemes, if bought before July 31. The discount reduces the initial charge to 0.5 per cent.

An additional charge of 0.5 per cent half-yearly is made to cover administration costs.

Four separate Peps are available. You can choose your own share individually, take advice from National Investment; leave the choice to National Investment; or invest in Special Pep, formulated by your local National Investment branch. This involves investing in a pre-determined sector or group of companies.

John Edwards

### The Week Ahead

## Rank focuses on Mecca

Rank Organisation, the leisure company eagerly awaiting the outcome of the Office of Fair Trading's report into its £540m bid for Mecca Leisure, is due to report its interim figures on Thursday.

Analysts are looking for pre-tax profits around the £105m mark as the company is expected to have performed reasonably well throughout the period. But the company will be constrained in what it can say because it is still in the middle of an offer period.

A full trading statement will none the less help to flesh out some of the details.

When Dixons, the electrical retailer, was fighting off a £66m hostile bid from King-

fisher early this year, it forecast that pre-tax profit for the year to April 30 would be at least £70m.

Since then it has promised more, although analysts still expect that the figure to be announced on Wednesday will be down on last year's £70m, which in turn had fallen from £103m the previous year.

Now that the Kingfisher threat has been removed from Dixons' pool by the Monopolies and Mergers Commission, attention can focus on more down-to-earth questions about the performance of its high street shops.

Analysts generally have been downgrading their estimates for interim profits at

Granada, the television, leisure and computer maintenance group, due to be published on Wednesday.

The consensus now centres around the £63m-£65m mark, a modest reduction from the £71.6m scored at the same stage a year earlier.

Part of the slippage is expected to result from lower profits from television: the first half of 1989-90 was particularly strong on this score.

In the current year, in contrast, Granada will have faced a drab advertising environment.

MFI, the furniture group in which Asda, its former owner, has a 25 per cent stake, seems to have spent the past year trying to make enough money to cover its huge interest charges, in a highly inauspicious market.

The mountainous task was eased by last August's reduction to November 1987 when the management bought out the company for £718m.

A measure of MFI's problems came through in the interim results, which showed a 55 per cent fall in operating profit to £22.1m, but interest charges totalled £30.1m, leaving an £8m pre-tax loss.

The situation is expected to have improved in the second half. Results for the year to the end of April are due to be announced on Thursday.

| PRELIMINARY RESULTS |         |                       |                        |                         |                   |
|---------------------|---------|-----------------------|------------------------|-------------------------|-------------------|
| Company             | Year to | Pre-tax profit (000s) | Earnings per share (p) | Dividends per share (p) |                   |
| Alba                | Mar 89  | 3,000                 | 5.12                   | 7.42                    | 3.25 (4.30)       |
| Asprey              | Mar 89  | 21,650                | 18.30                  | 15.30                   | 4.35 (5.83)       |
| Assoc. Brit. Eng.   | Mar 89  | 1,290                 | 8.04                   | 0.42                    | 0.25 (0.1)        |
| Baker Harris        | Apr 89  | 874                   | 3,810                  | 4.0                     | 20.65 4.5 (7.0)   |
| Birmingham Mnt      | Mar 89  | 208                   | 3,410                  | 2.5                     | 20.0 5.5 (3.0)    |
| Boscombe Prop.      | Mar 89  | 74                    | 82                     | 61.5                    | (85.1)            |
| Brown & Tave        | Mar 89  | 6,080                 | 9,630                  | 13.0                    | 21.5 9.5 (2.5)    |
| BS Group            | Dec 88  | 482 L                 | 216                    | 14.0                    | 11.5 4.6 (2.0)    |
| Buckland Austia     | Apr 89  | 1,650                 | 1,220                  | 14.0                    | 11.5 3.98 (5.6)   |
| Business Press      | Mar 89  | 4,200                 | 8,730                  | 15.0                    | 11.5 3.98 (5.6)   |
| Central & Steer     | Dec 88  | 2,550                 | 1,080                  | 0.56                    | 0.28 (0.1)        |
| CH Industrials      | Mar 89  | 11,590                | 15,340                 | 9.88                    | 16.5 5.025 (4.87) |
| Colclater & Fowler  | Apr 89  | 4,010                 | 2,710                  | 13.4                    | 17.0 3.7 (3.8)    |
| Crosby James        | Mar 89  | 210                   | 1,040                  | 21.5                    | 21.0 3.0 (2.0)    |
| Cullens             | Feb 89  | 119                   | 4,500 L                | 0.5                     | -                 |
| Deegan Hidge        | Mar 89  | 19,380                | 32,520                 | 79.8                    | 129 23.0 (22.0)   |
| de Morgan Group     | Mar 89  | 414                   | 2,330                  | 1.98                    | 19.0 1.375 (3.6)  |
| Dowry Group         | Mar 89  | 85,400                | 70,100                 | 21.5                    | 21.0 3.75 (2.0)   |
| Electricity Gen     | Mar 89  | n/a                   | n/a                    | 3.05                    | 2.09 3.0 (2.05)   |
| England J Group     | Dec 88  | 632 L                 | 285                    | -                       | (4.72)            |
| Ferapet             | Apr 89  | 2,910                 | 2,180                  | 17.0                    | 13.2 5.95 (1.57)  |
| Ferromet Group      | Mar 89  | 1,380                 | 1,710                  | 0.57                    | 1.49 0.57 (1.49)  |
| First Technology    | Apr 89  | 210                   | 5,500                  | 29.4                    | 25.0 1.7 (1.7)    |
| Flintkote Robert    | Mar 89  | 35,500                | 27,200                 | 20.1                    | 19.1 9.25 (7.8)   |
| GEC                 | Dec 88  | 87,000                | 797,000                | 20.2                    | 19.1 9.25 (7.8)   |
| Grand Central       | Dec 88  | 88 L                  | 2,010                  | -                       | 5.1 1.0 (1.0)     |
| Greene King         | Apr 89  | 20,140                | 19,200                 | 24.1                    | 24.0 9.5 (8.7)    |
| Griffiths House     | Dec 88  | 1,070                 | 1,070                  | 15.4                    | 11.5 7.25 (6.6)   |
| Harland Simon       | Mar 89  | 8,310                 | 5,470                  | 36.6                    | 22.9 6.0 (4.0)    |
| Harris Philip       | Mar 89  | 1,400                 | 911                    | 10.6                    | 8.94 5.75 (5.5)   |
| Hillcare            | Mar 89  | 322                   | 295                    | 8.01                    | 6.6 1.0 (1.0)     |
| Holmes Group        | Mar 89  | 2,930                 | 3,050                  | 3.8                     | 6.8 3.2 (2.5)     |
| Imperial Hotel      | Apr 89  | 3,130                 | 2,270                  | 12.0                    | 9.9 4.5 (4.0)     |
| Kewell Systems      | Mar 89  | 2,670                 | 1,610                  | 27.1                    | 19.7 5.0 (3.0)    |
| Leas John J         | Mar 89  | 310                   | 410                    | 3.17                    | 5.98 2.0 (2.0)    |
| Marling Indus.      | Mar 89  | 7,510                 | 7,540                  | 14.7                    | 17.5 4.5 (4.0)    |
| M&G Group           | Mar 89  | 10,000                | 10,000                 | 11.9                    | 10.9 3.5 (3.5)    |
| Mortenson W.        | Apr 89  | 10,000                | 5,500                  | 78.3                    | -                 |
| Norton Group        | Apr 89  | 888                   | 324                    | 8.1                     | 2.6 0.6 (0.47)    |
| Office & Elect.     | Dec 88  | 2,390 L               | 1,840 L                | -                       | -                 |
| Papa Group          | Mar 89  | 10,590                | 12,760                 | 23.4                    | 31.9 0.5 (0.5)    |
| Parsons             | Mar 89  | 1,590 L               | 3,550                  | 1.0                     | 1.0 1.0 (1.0)     |
| Reed Executive      | Mar 89  | 5,100                 | 9,050                  | 5.6                     | 10.9 1.2 (2.8)    |
| Robertson Group     | Mar 89  | 8,100                 | 9,050                  | 15.6                    | 11.7 4.5 (3.5)    |
| Rose Evans Inc.     | Dec 88  | 3,300                 | 3,640                  | 5.4                     | 4.78 2.0 (2.0)    |
| Scottish & New      | Apr 89  | 185,000               | 125,000                | 28.7                    | 28.0 13.0 (13.0)  |
| Shelley Group       | Mar 89  | 94                    | 94                     | 6.5                     | 5.98 -            |
| Southern Water      | Mar 89  | 60,100                | 95,100                 | 46.4                    | -                 |
| Stewart & Wight     | Mar 89  | 252                   | 187                    | 207                     | 145 90.0 (75.0)   |
| Stockdale Hidge     | Mar 89  | 5,700                 | 4,400                  | 68.9                    | 61.3 16.0 (15.0)  |
| Survey Group        | Mar 89  | 159,000               | 159,000                | 1.12                    | 0.2 0.75 (1.0)    |
| Thames Valley       | Mar 89  | 4,140                 | 4,310                  | 12.7                    | 13.5 2.6 (2.5)    |
| Tipton              | Apr 89  | 32,100                | 16,100                 | 47.4                    | 42.6 8.2 (7.0)    |
| Unicomp             | Mar 89  | 773                   | 641                    | 9.8                     | 9.0 3.15 (1.0)    |
| Unit Group          | Mar 89  | 734                   | 1,450                  | 9.0                     | 17.9 5.0 (3.0)    |
| Vandy (Pep)         | Apr 89  | 4,450                 | 9,810                  | 11.0                    | 10.5 2.4 (1.0)    |
| Visteo Group        | Apr 89  | 1,590                 | 1,190                  | -                       | -                 |
| Walker & Staff      | Mar 89  | 388                   | 439                    | 11.1                    | 12.1 3.0 (3.0)    |
| Weston Water        | Mar 89  | 27,000                | 24,100                 | 50.0                    | -                 |
| York Trust Group    | Mar 89  | 9,500                 | 9,500                  | 4.0                     | 1.1 2.7 (2.7)     |
| Yorkshire Water     | Mar 89  | 57,700                | 55,700                 | 46.5                    | -                 |

| INTERIM STATEMENTS     |              |                       |                        |                         |       |
|------------------------|--------------|-----------------------|------------------------|-------------------------|-------|
| Company                | Half-year to | Pre-tax profit (000s) | Earnings per share (p) | Dividends per share (p) |       |
| Berkeley Int'l.        | Mar 89       | 21,400                | 38,400                 | -                       | (1.8) |
| Buckingham Int'l.      | Apr 89       | 1,640                 | 1,150                  | 0.5                     | -     |
| City Site Estates      | Mar 89       | 78                    | 1,520                  | 0.98                    | 0.98  |
| Clyde Shewers          | Feb 89       | 92                    | 59                     | 0.63                    | 0.63  |
| Daniel James           | Apr 89       | 38                    | 38                     | 1.0                     | 1.0   |
| EFG                    | Apr 89       | 465                   | 1,240                  | 1.25                    | 1.25  |
| Electronic Data        | Mar 89       | 822                   | 379                    | 0.77                    | 0.77  |
| First Nat. Finance     | Apr 89       | 29,120                | 35,080                 | 4.5                     | 4.5   |
| Flintkote American Inv | June 89      | 600                   | 30                     | 0.1                     | 0.1   |
| Flintkote American Inv | June 89      | 600                   | 30                     | 0.1                     | 0.1   |
| Kynoch G&G             | Feb 89       | 450 L                 | 270 L                  | -                       | (1.0) |
| Leas John J            | Mar 89       | 2,140                 | 1,790                  | 1.75                    | 1.75  |
| Minerals Oil & Res.    | May 89       | 258                   | 289                    | -                       | -     |
| Newman Tomlin          | Apr 89       | 11,400                | 9,010                  | 3.8                     | 3.8   |
| Northbridge Film Arts  | Mar 89       | 2,690                 | 2,690                  | 0.29                    | 0.29  |
| Scandell Group         | Mar 89       | 86                    | 155                    | 1.7                     | 1.7   |
| Shopton Group          | Apr 89       | 836                   | 867                    | -                       | -     |
| Southern Business      | Mar 89       | 6,320                 | 4,210                  | 0.94                    | 0.94  |
| Wiltshire Brewery      | Mar 89       | 11                    | 37 L                   | -                       | -     |

(Figures in parentheses are for the corresponding period.)  
Dividends are shown net of tax.



## FINANCE &amp; THE FAMILY

Karl Wiley on the pros and cons of a foreign account  
Do you need a bank abroad?

**OPENING** A non-resident current account in a foreign bank abroad has become fairly simple, but there remain pitfalls for the unwary.

Foreign accounts are convenient because they offer a wide choice of locations and easy access to branches throughout a country. They are much more common than branches of British banks and are useful for people planning to buy and sell property abroad, or for people who pay regular bills on a holiday home.

Approaching the UK branch of a foreign bank is one strategy for opening a foreign account, but big British banks are also prepared to help customers via corresponding links with branches of foreign banks abroad.

No set rules govern the acceptance or rejection of an application for an account. In some countries — France in particular — the decision is based on the business of each branch. Gaining assurance ahead of time will make opening the account quicker.

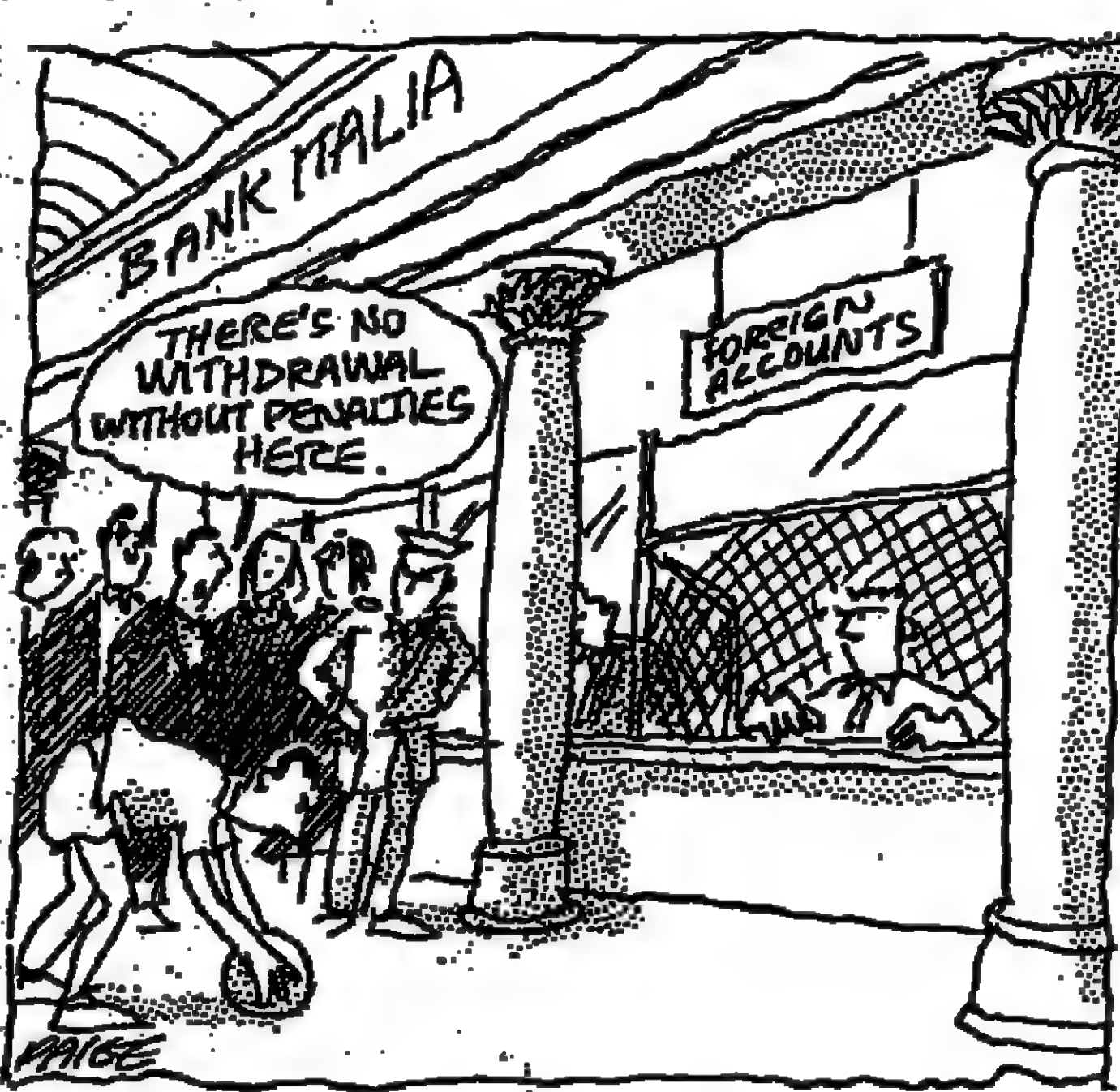
The process is fairly standard. Forms are available direct from the foreign banks or from their offices in the UK, or often via those British banks with foreign links.

Customers send the forms to the target branch together with certified signatures, an introductory letter of reference from their British bank, and sometimes photographs. The relevant pages of their passports.

Some foreign banks also require local letters of reference, a condition that often slows the process. Charges for opening the account are unlikely, but there will usually be a small postal fee and charge for administrative duties, probably around £10.

This increases in relation to the amount of work put in by the banks — for example, if the transaction requires a larger amount of management time because the target branch is not part of a corresponding bank in the UK.

Usually, the process can be completed within a couple of days. Quicker openings are possible, although they will probably incur more fees for



the use of telexes or other electronic mailing processes. One other guaranteed fee will be due for transfer of the initial deposit.

These charges vary from bank to bank but are usually around 25p per £100, with a minimum charge of £5 and a maximum of about £40.

**'Foreign accounts are convenient because they offer a wide choice of locations'**

While the process is simple, there are some dangers. According to Societe Generale, the leading private sector commercial bank in France, French banks will not keep inactive accounts open indefinitely. If an account remains idle for a certain period, in some cases for only a year, the bank may close it.

If the account has a balance of under £100, the bank may write it off to administrative costs, so the customer will forfeit the money. This may affect accounts used primarily for holidays, if the holder decides

to find a new holiday venue. French banks are also strict about maintaining a minimum balance in non-resident current accounts. There is no set rule. Some require as little as £100, others as much as £1,000. Usually French current accounts are not interest bearing, but savings accounts are available with interest.

In Spain, accounts are available in either ordinary or convertible pesetas. Most customers will opt for convertible, which allows free transfer of funds in and out of the country. However, such an account may only be credited with funds originating outside of Spain, or pesetas which have been designated as convertible by the Spanish exchange control authorities.

Banco Bilbao Vizcaya said that that does not necessarily apply to pesetas generated through property sales in Spain, as long as the money originally used to buy the property originated elsewhere.

An ordinary peseta account is more convenient for money earned in Spain. However, it should only be used to cover expenses incurred in the country, because ordinary pesetas cannot be transferred out of Spain without paying a very

high charge. Banco Bilbao Vizcaya also offers an interest bearing current account called "BBV Plus". Interest is compounded daily and rates vary with the amount of money in the account. For example, accounts holding between Ptas250,000 (£1,400) and Ptas6m earn 11.8 per cent; those holding Ptas6m to Ptas25m earn 12 per cent; and those with more than Ptas25m earn 12.7 per cent.

Non-resident accounts present no problem in Germany. A spokesman for Deutsche Bank said there was no distinction between resident and non-resident accounts, and there were no minimum balance requirements or required regular transactions. Those interested must simply fill out the account opening forms and provide evidence of identity. The only charges will be those which are standard for transferring funds.

Once an account abroad has been opened gaining access is easy. Businesses in Europe do not require a cheque guarantee card when drawing cash on cheques but will ask for a passport or some other form of identification. Many places in Spain do not even require that. Accounts will also be honoured at all other branches of the bank throughout the country.

For some, it may be simpler to continue banking with their British bank while they are away. Lloyds, Barclays and National Westminster all have branches scattered throughout Europe, and their customers can simply open a second current account in one of them. Their biggest drawback is that there are not many of them. Lloyds, for example, has only two branches in all France. However the presence is stronger in Spain, where Barclays has more than 200 branches.

Even if a British branch is located conveniently, its employees may not speak English and it might not offer the most useful type of account. Also, customers will not necessarily be able to duplicate their British account — especially if it is an interest-bearing current account, which is generally unavailable on the continent.

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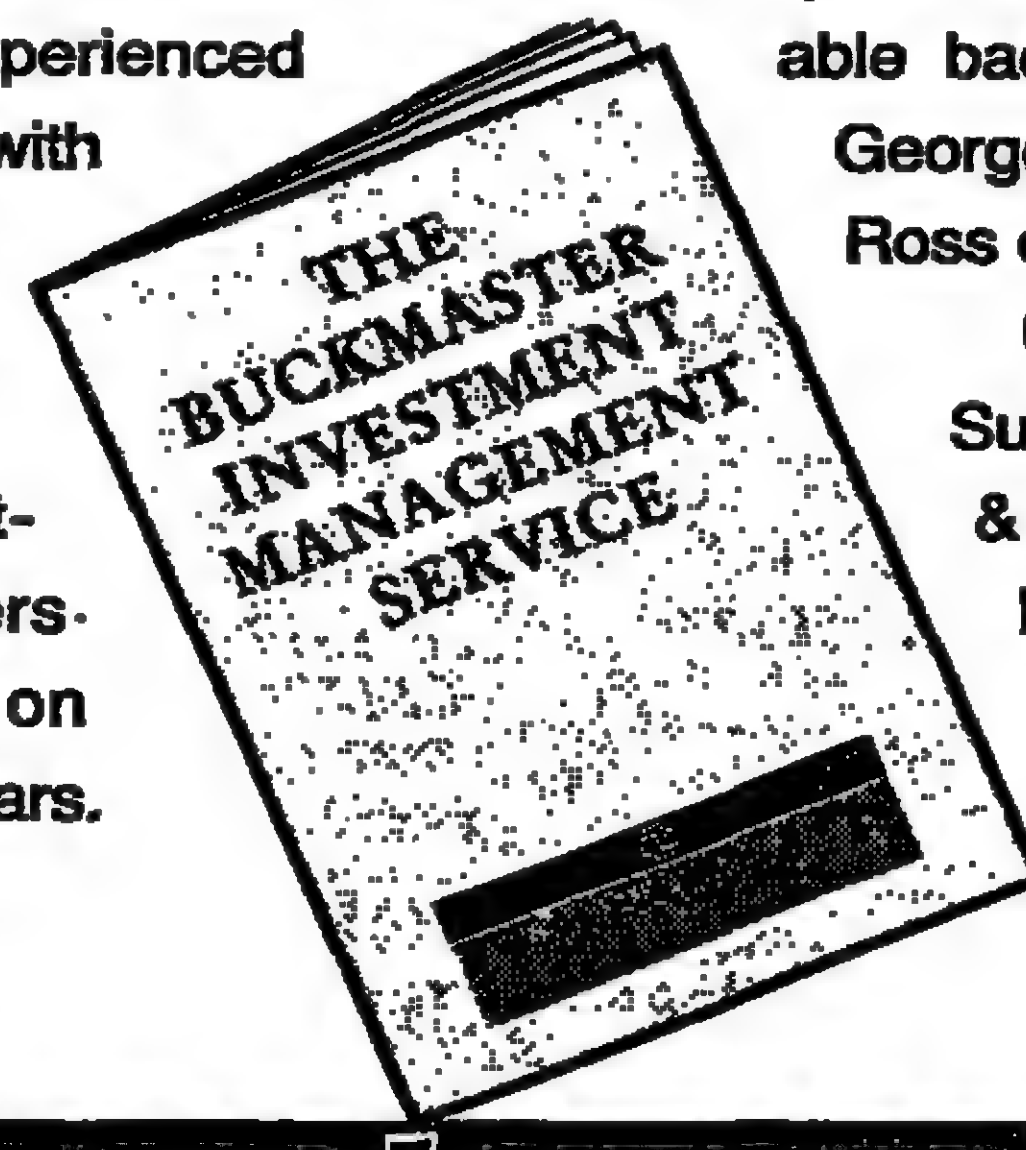
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## Tax liability on house in trust

UNTIL December 1988 I was managing director and 50 per cent shareholder of a limited company, in which my wife was also employed. We occupied a service house which in the opinion of the company accountants was definitely job-related. In October 1988 we purchased jointly a house with a sitting tenant and, as on retirement we were provided with a "grace and favour" residence owned by a trust set up from the estate of a friend, we have been able to retain our property as an investment. It is let on a short-term agreement.

1. Should we attempt to protect ourselves against payment of capital gains tax in the event of a future sale by submitting a late claim for exemption, under concession D21?

2. Would my wife also be entitled to exemption, even though the service house was originally occupied on an account of my employment?

3. If exemption was recognised, would it be deemed to have ceased from the date of our relinquishing the service house and occupation of our present house?

4. You have nothing to lose by doing so, but we doubt whether the claim will be accepted.

5. Yes, but letting relief might be available under section 80 of the Finance Act 1980 (as amended).

## The essence of CGT

I UNDERSTOOD, acrimoniously, it would appear, that the only items which are not subject to capital gains taxation are owner-occupied houses and one's own motor car. Items such as diamonds, paintings, objects d'art etc are subject to CGT and therefore, by hypothesis, losses can be offset against any gains. Am I right?

6. Tangible movable property (a chattel) of less than 50 years and a day is exempt from capital gains tax, by virtue of section 17 of the Capital Gains Tax Act 1979, in conjunction with section 37. (This exemption does not apply to commodities dealt in on a futures market.)

7. Machinery and private cars are exempt, no matter how long their expected useful life, by virtue of sections 37(1)(c) and 130, respectively. (This exemption does not apply to single-leaser cars.)

8. Losses on tangible movable property with an expected useful life of more than 50 years on the day of sale are

restricted by section 129(3) of the CGT Act 1979, as we mentioned. This subsection says that: "For the purposes of computing under this Act the amount of a loss accruing on the disposal of tangible movable property, the consideration for the disposal shall, if less than £5,000, be deemed to be £5,000 and the losses which are allowable losses shall be restricted accordingly."

Since you specifically mentioned owner-occupied houses, perhaps we should explain that they only enjoy limited relief from CGT — not complete exemption like chattels and other exempt assets such as qualifying corporate bonds (including gilts and securities) as defined in section 64 of the Finance Act 1984, as amended.

For example, section 103(3) of the CGT Act 1979 says that the exemption for owner-occupied houses "shall not apply in relation to gains so far as attributable to any expenditure which was incurred... partly for the purpose of realising a gain from the disposal."

Judging from our postbag, people who spend money on their homes and gardens in the hope of eventually more than recouping the expenditure when the time comes for them to move (or to sell part of their garden) do not always seem to realise that they face a potential CGT bill, although the law was changed to catch such cases over 20 years ago (in the Finance Act 1968, to be precise).

## Rules for rentals

I PROPOSE to rent a residential house through a letting agent. I am required to give one month's rent as deposit, to be held by the letting agent and to be refunded to me within 30 days of my vacating the rented house. Can you tell me:

1. Is the letting agent required by law to keep separately on client accounts all such deposits received by him? (Like a solicitor or estate agent.)

2. Can he mix such deposits with his own monies and use the money for his other businesses?

3. Is he required to pay — and if so how much — interest on the deposit held by him?

4. The letting agent appears to be carrying on estate agency work within the meaning of that term in the Estate Agency Act 1979. He would accordingly be bound by the rules governing the placing of money in a client account under that Act and the Estate Agency Regulations made under it. Your

Q&A  
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the accuracy given in these columns. All inquiries will be answered by post on a non-urgent basis.

questions can therefore be answered: 1. Yes; 2. No; 3. This will depend on the amount of the deposit, but any interest payable will be that which is actually earned on the deposit account.

## Poll tax on empty flat

I OWN A flat in a London borough which I was letting out while living in rented accommodation in the same borough. I had therefore registered for the poll tax at my rented address while the lease was in force, which was registered for the poll tax at that address.

The tenants were planning to move out and I was to move in, and would have informed the poll tax registration office accordingly. However, recently there was a fire at the flat, making the flat uninhabitable until refurbished, so I have to stay at the rented address.

Am I liable to pay the poll tax at my rented address as well as the standard charge while the flat remains empty, or is there any concession for uninhabitable properties?

4. You will not be liable for a community charge or standard charge on your own flat for three months if you notify the Community Charge Officer of the property's being vacant and the reason why it will stay vacant for a while.

## No claim on bankrupt

I RECENTLY learnt that five years ago my son became bankrupt. He did so at his own request, having found himself unable to repay a loan of about £7,000 which he had borrowed from his bank for personal expenditure. Now, five years having elapsed, he has been given an automatic discharge from bankruptcy, which indirectly is how I came to hear of it.

My wife and I are both in our 70s and in our wills we have left our estate equally to our son and daughter. I am concerned to know whether or not the bank will have a legal claim on the money which my son will inherit.

5. The bank would not have a claim on your son, even if he inherits a substantial amount of money.

## Garage is safe

SOME 17 years ago I had an integral garage built. My then neighbours made no complaints. About 15 years ago new neighbours moved in. A few days ago they told me that I would have to knock down my garage as it encroached six inches on to their land. Can I be made to pull the garage down after this length of time?

6. No, you cannot be made to pull down the garage, even if it did encroach on your neighbour's land. You will have acquired a "squatters" title by adverse possession of the land for over 12 years which your neighbours might originally have had to the area which they now claim.

## Joint name advantages

OUR HOME is at present in my name only. We have been considering putting it in joint names, but recently in Q&A there has been numerous references to tenants in common.

1. Could you explain the differences and possible advantages?

2. Is it possible to achieve the change without a solicitor? Is there a book available on the subject?

3. It is possible to achieve the change without a solicitor. One joint tenant writes to the other(s) stating that he or she "hereby severs the joint tenancy between us of (describing the property)". A short statement of the legal differences may be found in student's textbooks on real property law eg Megarry & Wade's *Law of Real Property* (5th Edition).

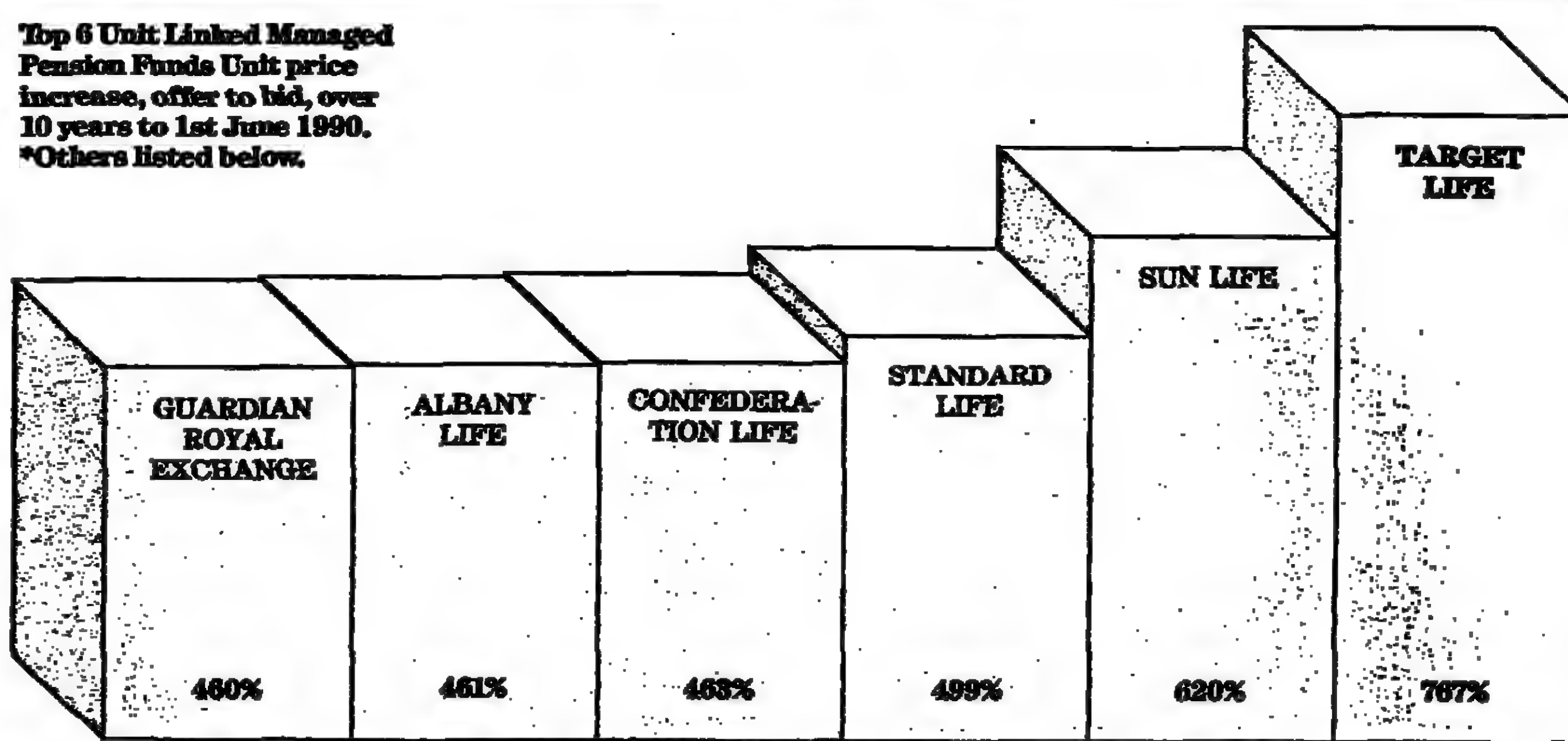
In summary the difference is that under a joint tenancy the whole beneficial interest in the joint property accrues automatically to the survivor(s) on the death of one joint tenant. With a tenancy in common the legal title accrues in the same way, but the beneficial interest will pass as directed in the will (or under the intestacy) of the deceased tenant in common.

## Felled by a tree

THE WIND has blown down a tree owned by the county council and damaged my garden wall (which is insured by me). Is the county council liable for the damage?

7. If the tree cannot be shown to have been unstable before the storm which brought it down, and assuming that it fell in one of the unusually strong winds, the council would not be liable. You would need to claim on your own insurance.

## If you are about to invest in a pension, make sure you look at long term performance.



Over 5 years to 1st June 1990, the Target Managed Pension Fund unit price increase, offer to bid, was 77%. Source: Micropal Ltd 1989.

\*Other managed pension funds unit price increases are: Saxe & Prosper, 410%; Hill Samuel, 399%; Allied Dunbar, 375%; Equity & Law, 368%; London & Manchester, 365%; M & G Pans, 355%; Prudential Holborn, 345%; Barclays Life, 340%; Legal & General, 337%; Property Growth, 327%; Cannon Assurance, 289%; Laurentian, 278%; Standa, 276%; Abbey Life, 274%; MI UK, 272%; Stalwart Assurance, 265%; Naxos, 261%; City of Westminster, 225%.

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## MINDING YOUR OWN BUSINESS

Midland Bank claims to have moved ahead of the UK's other three leading clearance banks to tap in to the profitable small business sector with a new scheme expected to cost £9m over three years, writes Roy Hodson

## Enterprise pays off for the listening bank

MIDLAND has launched its new Enterprise scheme to help the small business world in grand style. The bank has simultaneously opened 350 "Enterprise Centres" throughout Britain, staffing them with 570 of its best managers.

"We hand-picked them from the total Midland management force of 2,500 and then sent them on a crash course, which we had designed ourselves at Manchester Business School," says John Adcock, who the bank appointed as Enterprise director last year to get the show on the road.

In just three months since opening the centres, the Midland's new small business bankers have proved that business exists out there - to be won from new companies.

Since March they have arranged 17,000 new Enterprise high-interest bank accounts with companies which are

either in the early years of their business or are starting up. That equals the number of accounts that the bank won in the sector throughout 1989.

The style and seniority of Adcock's job is a pointer to

prevailing trend of thought in British banking. The bankers are admitting that competitiveness between banks is not a practical possibility while they follow each other like sheep on important issues. Thus they

Adcock, who is familiar with just about every play used to help get Sheffield back on its feet, is now briefed to apply the same principles to help industry nationwide. He comes to Midland's small business initiative with an impressive record of practical banking in run-down industrial Britain.

Midland is breaking new ground among the bankers by concentrating heavily - critics might say recklessly - upon very small businesses and start-ups in its Enterprise initiative.

The intention is to deal with companies with turnovers up to £250,000 a year. Companies bigger than that are to be han-

dlled by another arm of the Midland Bank, UK Corporate.

Midland is determined to get down to the basics of the small business movement.

Traditionally it has been an industrial bank with its roots in the Midlands and the North of England. That background is shown in its current small business initiative.

Midland's market share of the British small business market is about 14 per cent. That business represents some 19 per cent of the bank's UK profits.

With its roots in the Midlands, the Midland Bank is enjoying a market share of 19 per cent of small business banking in the Midlands and the North. But it is in the south of England where its position reflects the bank's traditional strengths and weaknesses. Its market share among the big four banks in servicing

small businesses south of Watford is only about 10 per cent.

Adcock's plan is to broaden Midland's market by involving the bank in the small business movements in all the towns and cities of Britain.

He calls the local business movements "incubators" and sees the bank playing a role with every one of them. Already Midland spends £250,000 a year supporting local enterprise agencies.

A computer network is destined to play a large part in Midland's thrust for the small business market. Every one of the managers of the 350 Enterprise Centres, and the 71 area managers who oversee them, is equipped with a networking computer.

During an interview with a prospective borrower, a manager can feed information into a programme developed by Midland. The system will

advise whether an advance should be approved by the bank. If the sum involved is beyond the manager's lending limit, he can, by the touch of a button, involve his area manager in a computer discussion.

Midland is making an attempt to cater for its small business clients with paperless decisions and discussion.

Adcock is organising his 350 Enterprise Centres as individual businesses which he would like to become the heart of local communities.

To that end, he is applying competitive business techniques for his managers to follow. They have to produce their own business plans. Their budgets for organising conferences, seminars, and local publicity will be based upon their aspirations.

These new bank managers will be rewarded by bonuses according to their performance in gaining business from the small business sector. Now what could be fairer than that?

The Midland way is to provide special services to particular sectors, by offering focused management and assistance

how seriously Midland is taking the small business market. His division is called Midland Enterprise. It ranks alongside two other divisions in Midland's British banking, namely UK Corporate (which handles medium-sized and big companies) and Personal Banking.

That arrangement happens to be exactly in line with the



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Some small businesses attribute their success to a determination to stay small and specialist. Marilyn Bentley visited one London firm making artificial flowers that has stuck to that philosophy through four generations

## Saying it with flowers — for four generations



David Bloor: happy in his craft

"IT OUGHT to be more Dickensian," complains David Bloor of his 486 square feet of workshop on the Bourns Green industrial estate, in north London. He has a romantic streak, but then he is a flower maker. And if the profession sounds like something out of a Puccini opera, his work is seldom far from the theatre.

Bloor is the fourth generation of flower-makers in his family. His one-man business, W F Johnson, was founded by his great-grandfather in 1871 to make silk flowers for millinery and corsages. By the 1940s, when it was inherited by Bloor's father, the war and changes in fashion had brought the company down to a standstill: a few ledgers, a collection of antique tools, and little else.

At the time Bloor was working in the local toy shop, making model aeroplanes kits and picking up the rudiments of book-keeping. He began "pottering about" with the flower-making tools in the evenings. "I made a few samples and toted them round to likely cus-

tomers. To my surprise, people wanted them." Before long, a choice had to be made between the aeroplanes and the flowers. The family company won.

Bloor's interest in the stage and his skill in design led to new outlets for his hand-made product. The cake decorations which had become a staple of the business gradually gave way to theatre work and, more recently, haute couture accessories and exclusive millinery.

"I advertise in *The Stage* newspaper but most of my work comes through recommendation and people who've seen the shows." His clients include stage designers like Alison Chitty and Bob Crowley, the workshops of the Royal Opera House, and smaller theatres such as the Chichester Theatre and the Yvonne Arnaud Theatre at Guildford.

Orders are worked out in consultation with designers or property workshops, and requirements are often modified by cost. Fifty yards of trailing ivy to cover a trellis may be ideal, but a designer on a budget might have to settle

for 30 yards and spread it out. There is an increasingly heavy demand for hand-made flowers, despite the financial constraints on today's theatre.

But as Bloor explains: "If they buy these mass-produced polyester things, they can only have what's come over from

'Bloor's interest in his work gives him a delightfully Bohemian indifference to the mechanics of commercial life'

Taiwan. If they want something different - say, bluebells or stinging nettles - they'd have a job to buy them."

His prices seem reasonable. Recently he provided 10,000 rose petals for the show *Anything Goes* for £216, including VAT. Two hundred and fifty sprays of bluebells for the Royal Shakespeare Company cost £1,150.

Four generations have brought the basic technology of flower-making. He works alone, using antique

tools for an antique craft. Hundreds of different shaped cutters form the petals and leaves, which are then "ironed" into heated cast iron moulds to produce the effects of veining. "The only modern thing I use is a mechanical 'hammer' which saves me cutting out by

hand. All the other tools are at least 100 years old. I've never had a new one made."

Because the process involves heat, the fabrics must be of natural fibre - silk, or cotton. Nylon would simply melt. Sometimes the fabrics are dyed before the shapes are cut out, but Bloor prefers to do it afterwards, when he can "run in" other colours, to create a subtle diversity of tone. The dyed petals and leaves are then assembled using millinery wire.

Nearly every job is a "one-off," making different demands on his skill and ingenuity. A scene in a recent production at the Almeida Theatre required two actors to pull leaves off branches and send them drifting down a stream which ran through the stage. Bloor's branches had tiny stems of green plastic tubing from which the leaves pulled out easily.

Bloor's interest in the creative aspect of his work gives him a delightfully Bohemian indifference to the mechanics of commercial life. There isn't a fax or a computer screen to be seen, and his telephone still has its original alphabetical dial. His ledgers are hand-written, and he is vague about figures: "I've got an accountant who does all that."

Net profit in 1988 was a modest £15,274 and his estimated turnover for 1989 is £24,000. But, so far, there has always been enough for his needs. "I've always been able to do exactly what I want," he says. This includes the flexibility to take time off to investigate

steam railways, or take his grandchildren to the zoo.

And when things get hectic - as they did recently when the Royal Shakespeare Company increased its order for bluebells from three dozen to three hundred - he gets help from his children, both art school graduates.

He would like to pass on the business to a fifth generation of Bloors, and his daughter Pat has already adapted the flower-making techniques to the production of unusual hand-made jewellery and masks.

But for the time being, David's small family business remains an example of a craft surviving against all the odds, providing a labour-intensive product which somebody wants and no-one else is supplying. He will never make a fortune. But then, "It's not really a business, you know," he says. "It's art."

David Bloor, Flower Maker, W F Johnson, 43 Kingsway, Bourns Green, Industrial Estate, London N11 2UD. Tel: 021-365-4092.

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## LEGAL NOTICES

No. 89448 of 1989  
IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
IN THE MATTER OF EVJOC GROUP PUBLIC LIMITED COMPANY  
- and -  
IN THE MATTER OF THE COMPANIES ACT 1985

ADVERTISING OF PETITION  
NOTICE IS HEREBY GIVEN that a Petition was on the 4th day of June 1989 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £100,000 to £25,000 and the final order of the court in relation to the above-named Company was made on the 21st day of June 1989.

NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Vinson at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 18th day of July 1989. A copy of the said Petition will be furnished to any such person requiring the same by the undersigned on payment of the prescribed charge for the same.

DATED this 8th day of July 1989

Frederick, (RT/DA/S/161)  
Wharfedale, 25 Fleet Street, London EC4A 3DF  
Solicitors for the above-named Company

No. 89388  
IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
IN THE MATTER OF PAF PLC  
- and -  
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division, dated the 18th day of June 1989 confirming the reduction of the share premium account of the above-named Company was registered by the Registrar of Companies on the 22nd day of June 1989.

Dated this 2nd day of July 1989

Clifford Chance  
Rayer House  
Aldersbury Square  
London EC2V 7LD  
Ref: RWC  
Solicitors for the Company

## THE BUSINESS SECTION

Appears Every Tuesday & Saturday

Please contact  
Gavin Bishop on 073 4788  
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## PERSPECTIVES

## Aiming to be on top of the world

Richard Cowper describes a climbing challenge

THE LAST time Doug Scott saw the spectacular North Ridge of Latok I in the Rakhi Himalayas was 12 years ago - just after he had spent a week in a storm crawling off a nearby mountain with two broken legs.

The incident has gone down as one of the epic descents of Himalayan mountaineering and few doubt that a less tenacious and physically strong man would have perished in the attempt.

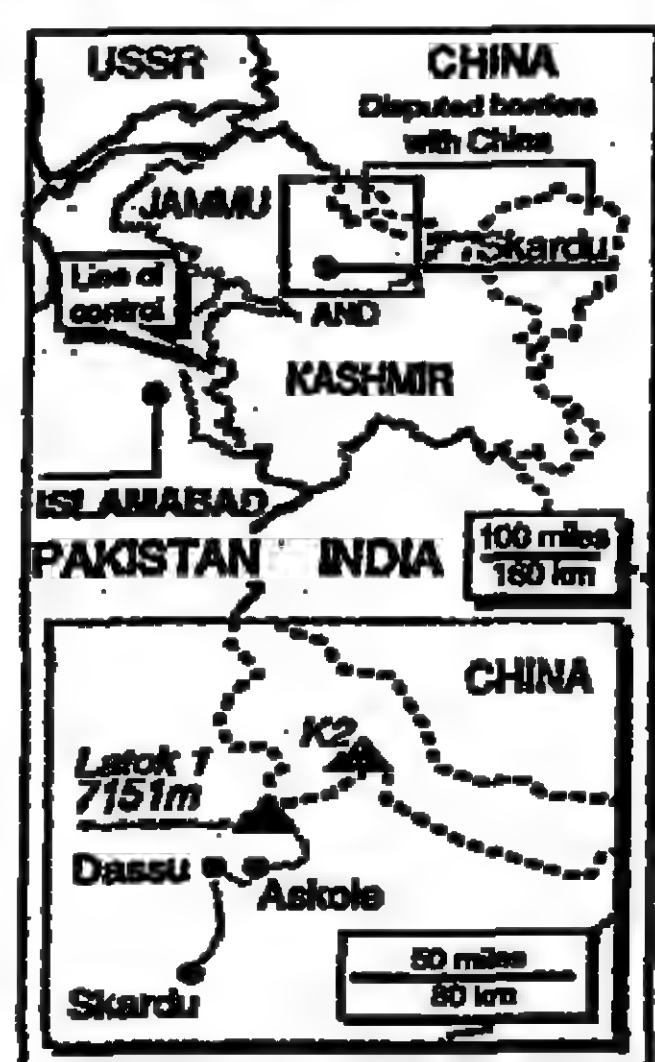
But why is Scott going back after all this time to a place that holds such painful memories?

"I first saw it (the North Ridge of Latok) in 1977, this amazing skyline pillar which soars into the sky. It just pulled your eye," says the long-haired, bearded - almost "hippyesque" - doyen of British mountaineering with a twinkle in his eye behind the John Lennon glasses.

It is not simply the ridge's stark beauty that has drawn the Nottingham climber back to Latok in the Karakoram range. In the last decade and a half, a host of the world's top climbers from America, Norway, Britain, Italy and France had tried to make it to the top. All have failed, and not a few of them miserably.

Latok is not well known to the general public, but along with the North East ridge of Everest, the West face of K2 and the West face of Makalu, it is the new route elite mountaineers covet the most. "If we do it, Latok will be one of the hardest things ever done in the Himalayas," Scott says bluntly.

At 23,440ft, it is not particularly high, but the climbing is technically harder for longer than on any of these routes. A near-vertical 8,000ft ridge of rock and ice, there is nowhere to put up a proper tent and the climbers will have to spend at



least two weeks hanging from the face at night or in tiny wedge tents tied precariously on to the rock.

"The calibre of people who have gone at it and never managed it has led to the ridge acquiring an extraordinary mystique. It looks so hard, it's almost ludicrous to think of climbing it," says Rick Allen, the wiry pale-faced climber from Aberdeen who makes up one of the five-man alpine style group led by Scott which hopes to climb the peak some time this month.

Perhaps the most famous climbers to attempt the route were Michael Kennedy and Jeff Lowe, two of America's top mountaineers. In 1977 they reached about 23,000ft after 20 days on the mountain, but were forced to abandon the attempt when a six-day storm trapped them in a snow cave and Lowe became very ill.

Says Kennedy: "If Jeff had not got sick, so that we feared for his life, we might have made it. We were just a couple of hundred feet from the summit ridge. But we were carry-



The region of the climb and a view of Latok I's north pillar

ing too much gear. We were trapped in the no man's land between the truly quick alpine quick ascent and the siege methods of the old style assaults on big mountains. We ended up with the worst of both worlds.

"It was such an exciting climb. It's hard to believe that no-one had done it after all these years. It remains one of the world's great unsolved mountaineering routes," he says. Whether the 49-year-old Scott and his team will succeed where others have failed is far from certain. Doug Scott is Britain's most accomplished mountaineer with four 8,000m peaks under his belt. Also in the team is Robert Schauer, a film-maker and mountaineer from Austria with five 8,000m peaks to his credit. But it is not necessarily experience on these big mountains that is going to count on this relatively highly technical route.

But Scott is a wise old fox. His team may not have the outward show and razzmatazz of the youthful wall-climbing competition brigade, but it packs a depth of commitment to climbing long difficult routes that is not easy to beat.

In addition, the 27 year old Simon Yates, already a legend in mountaineering circles for having been forced to send his friend to almost certain death after a superhuman effort to save him, was invited to join the team at the last minute. He brings a youth and verve to the team that may just prove inspirational.

And if Rick Allen and Sandy Allan get the bit between their teeth, as they recently did on Pumori in Nepal, they are a partnership hard to better. They climbed a new route on the steep ice South Face in six days with five continuous bivouacs and almost no food.

Lastly, friends say Scott's appetite for a big challenge remains undiminished, that he is climbing as well as he ever did, as his fourth attempt to climb Makalu last year shows. The British Latok expedition is sponsored by Inspectorate - OIS, a member of the Brompton Group of Companies.

## Back to School

## A return to Yorkshire and mortality

I USED to say "Res non verba" on the badge of my blazer. "Deeds not words," a motto which always struck me as slightly odd for a grammar school where the importance of language was implicit in the name.

Deeds counted for everything and words, nothing, when the school was dissolved in the comprehensive surf in 1975. The name and the teaching elite were creamed off to form Wheelwright sixth form college in another school building.

Wheelwright, the building, became the home of Birkdale High school which clung like a hermit crab in a decaying shell until it was washed out when three years ago, the surf brought a second wave called tertiary education.

This time the college itself was also enveloped, though the name survived, restored to the old building, now called the Wheelwright Centre, devoted solely to art classes within Dewsbury's tertiary system.

The tertiary college is where pupils from age 16 to death can get some kind of education. A-level pupils with Oxbridge aspirations mix with apprentice plumbers and trainee nurses. An equestrian studies class is provided for those that way inclined.

There were times, back in the late 60s, early 70s, when grammar school study seemed like horsework. Wheelwright, then, was a traditional school,

where boys walked on the left, called each other by their last names and occasionally bent over for six of the best. It was not public school traditional. A fag was something you smoked behind the bicycle sheds.

In a textile town like Dewsbury, West Yorkshire, in the heart of the industrial north where many boys came from families that could hardly afford the uniform and could never have dreamed of paying for education, the Wheelwright could offer a keyhole glimpse of Oxbridge spires. For some they became reality. We were the top 20 per cent in the town, or so they told us on day one.

Fifteen years on, walking through the Gothic arched entrance, it was reassuring to find the roll of honour from the First World War where it should have been, by the side of the door. Former teachers and old boys return every year to lay a wreath. My personal act of remembrance, however, was cruelly shattered by the sight of builder's dust and flaking paintwork in the corridors beyond.

The library, the scene of many happy hours of reading, doodling, and defacing the cartoons in Punch, was a gloomy storage space piled high with dirty workbenches.

Classrooms had been stripped bare. The one-piece chair and desks, made from wood and steel and constructed to inflict the greatest discomfort, were gone. All that time spent carving my initials. Int-



In front of the class: FT journalist Richard Donkin

mations of immortality, wasted.

Here was B5, the class where "Bert" Throp, one of the younger English teachers, had encouraged us to write from our own experience, where we read Keith Waterhouse, Stan Barstow, Brendan Behan and Alan Sillitoe and used swear words in our essays for authenticity.

Throp was one of Wheelwright's anti-heroes, one of the angry young men in sports coats and slacks who contrasted with the older elite in their black gowns, signifying degree status; like Marlon Brando and Mr Chips.

Everything had changed. Was this photographic dark room, really the music room, where we were regularly obliged to deliver pubescent renderings of a song about three crows that sat upon a wall on a cold and frosty morning? The hall, where close-on 400 boys once met for morning assembly had been painted black to make a studio. The parquet tiles, once so highly polished, were chipped and dulled by dirt.

Assembly had been the morning ritual where boys waited, seated, holding thick red hymn books. The organist drowned out the frequent dull thuds as books connected with backs of heads. It was always the same. The head entered, we all stood, football results, cheers or groans, then a bible reading while we studied the veins on the backs of our hands, followed by the Lords Prayer and a swift verse or two of "He Who Would Valiant Be." Half of us sang and half mimed with all the expression of

freshly caught haddock. I could never rectify "Give us this day our daily bread" without conjuring an image of a Mother's Pride loaf in its red and white waxed paper wrapping. It was part of the staple diet among Dewsbury's working classes.

The head's office is a magazine library now. This was the room in which those truants who had sneaked off to watch Leeds United play an

**Richard Donkin returns to his northern alma mater**

afternoon game in the European Cup were told to line up before the headmaster. At the end of the line, had been "Fritz" Benton, the German master, an old school disciplinarian and football fanatic who had deserted his post for the love of the game.

It was those occasional human glimpses that welded an affinity with teachers. The best of these had been the time that the head decided something had to be done about the new French master, a UFO enthusiast who had set up an Investigators Club to study the paranormal.

An institution founded on respect for one's intellectual superiors did not appreciate a teacher who spent the night with a party of boys on an exposed hilltop waiting for an elusive encounter of the third kind. It was a cloudy night. Unforgivably he attracted

public ridicule for the school when he encouraged a boy to send his flying saucer photograph to the local newspaper. Afterwards the boy confessed that the UFO had been a plate from his mum's dinner service.

All the masters were gathered in the staff room when the offending teacher walked in. The head instantly announced the meeting was to be reconvened in the neighbouring art room. The French teacher went first whereupon the others turned on their heels, locked the door and went back to their meeting.

Memories seemed formless without the staff who had made the school. Most are now retired. A few remain, making the best of tertiary. It was the end of term; the place seemed soulless and decrepit. Then, among the powder paints, clay bins and easels I found a survivor, a Wheelwright Robinson Crusoe, walking the desolate corridors.

Robert Donald, my art teacher, had changed little apart from a whitening of the hair and thickening of the waist. Asked to compare and contrast the grammar and tertiary systems in not more than 500 words he did not even reach the pencil-chewing stage.

"People refer to me as Bob now, something I accept but it's not something I like. There is supposed to be equality with the students but as far as I am concerned I am a damned sight more equal than them."

It was never a perfect school, but it was a good school with good teachers. They were happy days.

## Despatches

## It's all change in Rio

Christina Lamb gets to grips with Brazil's currency

THERE CAN'T be many places in the world where one can buy lunch and get back more change than one paid. I thought on my first day in Rio. By my reckoning, if I paid 3,000 cruzeiros for a meal costing 2,778, then I was owed 221. The first two notes in the sheaf of change the waiter brought me were each worth 100 cruzeiros although, confusingly, one was for 100 cruzeiro novos.

It was when I picked up the next two that I thought my luck was in. Each was for 10,000 cruzeiro. As for the remaining 10 notes, they were clearly for 100,000 cruzeiros. So on my initial outlay of 3,000 I had apparently got back 1,000,000. Surely some mistake.

But no I hadn't got carried away with the local *caipirinhas*. Nor was inflation so hyper that money had devalued in the five minutes between paying and receiving change. Brazil is surely the only country in the world with four currencies all circulating at once. As a result of four economic plans in as many years, each bringing in a new currency, devaluing but not replacing the old, there are old cruzeiros, cruzeiros, new cruzeiros and cruzeiros all in operation.

The trick is to remember that a cruzeiro equals one new cruzeiro equals 1,000 cruzeiros equals 1m old cruzeiros - or more simply the smaller the note the greater the value. A new cruzeiro, by the way, is worth little more than a cent. So a cup of coffee in old cruzeiros will set one back 20m, which can be disconcerting.

It can also give one a feeling of power over one's spending. When I buy my morning papers I can choose to spend 150 cruzeiros or go wild and splash out 150,000 cruzeiros or even 150m old cruzeiros on the same thing. But the choice adds a whole new element of uncertainty to monetary transactions as there are so many permutations in how one receives change.

Brazilians are good at it. While on the bus, I fumble for

the right combination of thousands and tens of thousands cruzeiros and cruzeiros, while 10 Brazilians will pass by, sorting out the cruzeiros from the cruzeiros, old and new, with a deft flick of the wrist.

"Ten years of high inflation has made every Brazilian an economist as well as a football trainer," says Ibrahim Eris, head of the Brazilian Central Bank, who claims he has even heard taxi drivers discussing how M4 is operating and malingers fretting over liquidity levels.

But it is hard for ordinary Brazilians to feel much control over their money since March 16 when the new President Fernando Collor announced he was freezing 80 per cent of bank deposits over \$800, or "kidnapping money" as the banks prefer to call it.

Those new cars and holidays will just have to wait, although by the time the money is unfrozen in November 1991, it is unlikely to be worth much. Just to increase his mark, Mr Collor was responsible for introducing the latest currency, although he was apparently not imaginative enough to think of a new name. But Brazilians find a way around everything, and Sunday papers carry adverts offering to liberate "blocked cruzeiros" "judiciously."

If the different currencies circulating did not cause enough confusion, there is inflation which, while not quite back to hyper like last year's 1,800 per cent, still means prices double overnight and restaurants insert pencil-written sheets of the day's prices inside the menu.

In fact, low inflation in Brazilian government terms seems



to mean prices go up but wages - and dollars - do not. To be strict about it there is not just one inflation. Brazilians like to have the most of everything so naturally they have 16 different measures of inflation.

But it keeps everyone happy. The Government uses one measure which discounts inflationary items such as rents and clothes; the unions use another which does thus prompting them to demand 166 per cent pay rises; and business use yet another enabling them to increase their prices.

Of course things are not as bad as they were in February when inflation was 73 per cent for the month, and money earning 3 per cent interest a night. Then the average Brazilian family was spending two hours a day managing their finances and companies were earning far more from financial speculation than through their business.

The down side was, and remains, the impossibility of setting yearly forecasts or even

monthly budgets when no-one has a clue what interest rates will be. As many as half the staff of an industry are taken up with managing the money, although during hyper-inflation financial speculation was often more lucrative than the core business. Luis Balalla, president of the engineering company Cobrasma, showed me his daily balance sheet - or rather sheets. There were 10.

The company had no idea how much interest would be on what they owed, nor in outstanding debts to them, nor what suppliers would charge nor what they would be able to charge so the variants were endless.

As for the banks, they could not complain before because they were making a killing. Unibanco, for example, made net profits of 97.3 per cent last year. Now, forced to behave like real banks, they are laying off staff. Their complaint is the Government freezing of savings means they have to keep two balance sheets for every client - one in blocked cruzeiros and one in the new cruzeiros.

To add to the confusion, the Government is obviously running out of things to put on banknotes. Having gone through the whole gamut of painters, scientists, ecologists, hydroelectric plants and aqueducts we are now onto Indians and fishes.

As for the unfortunate Brazilian football team, they will probably have to wait another four years for an opportunity to grace the back of a cruzeiro or cruzeiro. But many economic plans may be introduced in the meantime.

## An archive celebration

THE ROYAL Literary Fund, which exists to give financial help to authors in difficulty, is celebrating its bicentenary. The fund's archives covering the years from its foundation until 1915 have recently been deposited in the British Library. To commemorate the occasion the library is displaying some of the more interesting documents at a tiny exhibition in the manuscript salon in the British Museum, Great Russell Street, London, until September 9, admission free.

With conspicuous exceptions, authorship has seldom been a well-paid occupation. In few other professions is there such a mismatch between merit and reward, and there are no pension schemes. At the time when the founder, David Williams, first started pressing his richer friends to do something, the debtors prisons of England contained several talented and respected writers broken down by old age, illness, and misfortune, and there were many others set to follow. It was the avoidable and well-publicised death in prison of one of his literary friends which finally caused the subscriptions to flow in.

Nevertheless in its early days the fund showed what good it could do. It gave money to the widow of Robert Burns and to relatives of Thomas Gray, Oliver Goldsmith and James Boswell, all of whom had made their families share the price of their genius.

By the time the Prince Regent lent his name, the fund had become a well established institution, supported by a noblemen, bankers and businessmen. In Victorian times the main source of income was an annual dinner when a distinguished guest would be invited to speak.

In the 1840s the fund began to demand detailed information from applicants about their literary careers and their writings. Since most journalism was then anonymous, the fund's archives enable the minor writings of famous authors to be confidently attributed. At the same time, the fund required applicants to obtain letters of sponsorship from established literary figures. The archives as a result contained letters from the successful as well as the unsuccessful.

But if the increased bureaucratisation helps present day literary researchers, it was

objected to at the time. Novelists Charles Dickens led a campaign against the committee, pointing out that the administrative expenses of the fund were 45 per cent of its disbursements. Changes were made in time for Dickens's eldest son, editor of a literary journal for 25 years, to receive the fund's charity when he hit hard times in the next generation.

More recently the fund helped Joseph Conrad, James Joyce, and D H Lawrence when they were financially desperate, as well as Bram Stoker, author of *Dracula* and E Nesbit, of *The Railway Children* whose books still sell by the thousand.

The finances have benefited hugely from legacies of royalties and copyright from, among others, Rupert Brooke, the poet, and writers Arthur Ransome, A A Milne and Somerset Maugham. Which is just as well for there is no sign of a falling off in the needs. In 1988-89 the Royal Literary Fund disbursed nearly £170,000 to 65 beneficiaries. Although the names are rightly kept confidential, we can expect to be surprised again when the next batch of archives are opened.

William St Clair

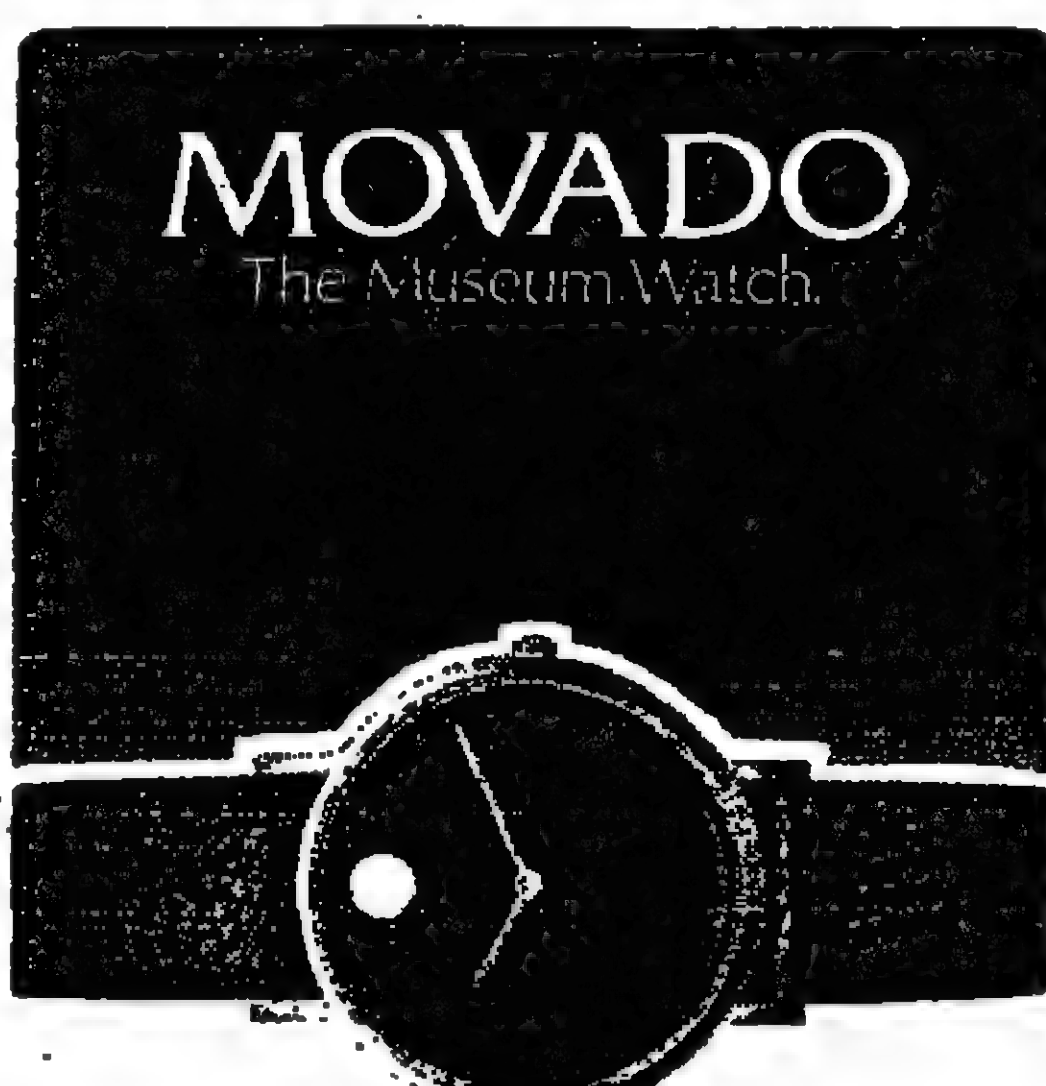
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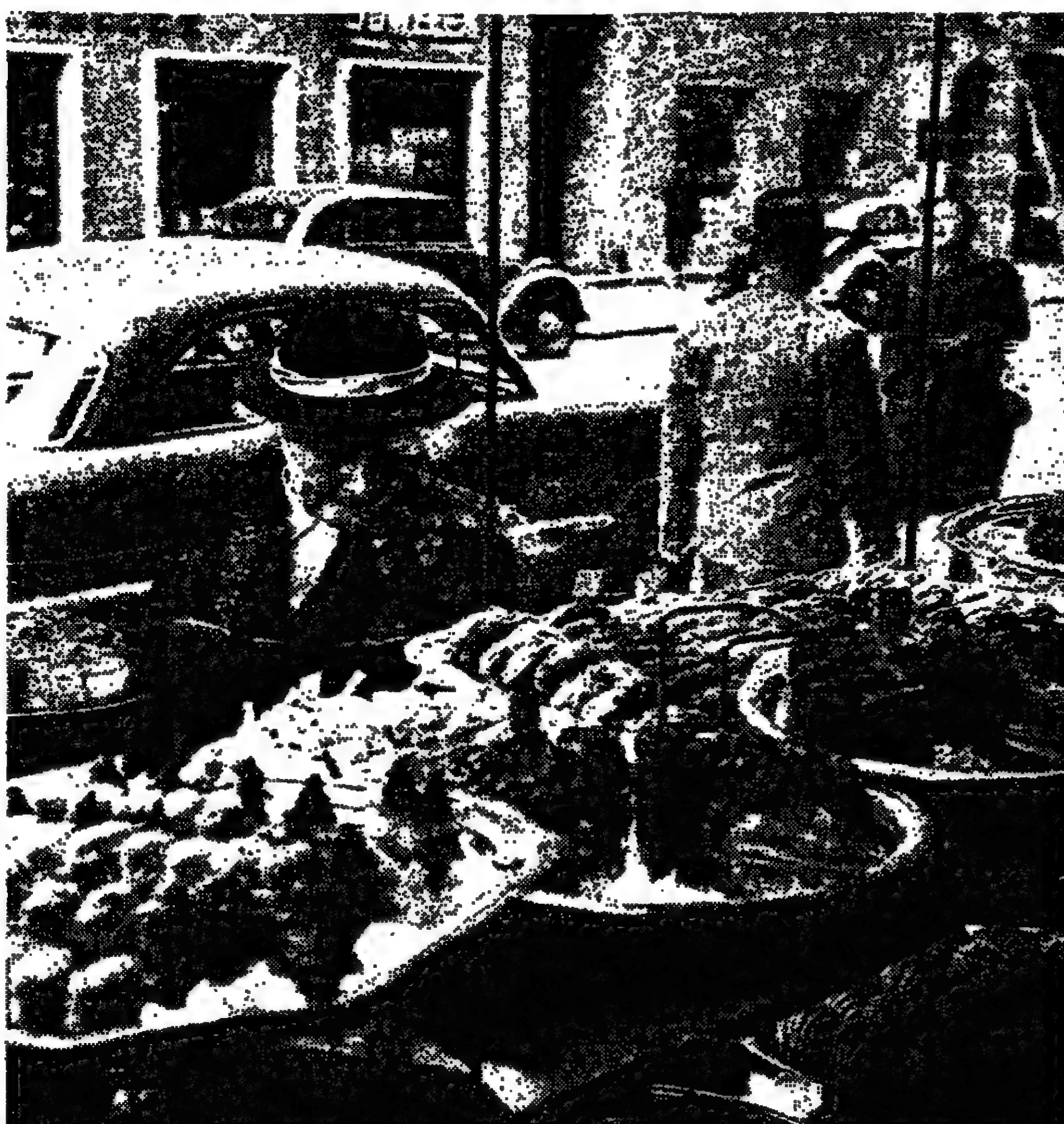
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## FOOD &amp; WINE

Jancis Robinson enthuses over Austria's wines while Nicholas Lander tucks in to meals, snacks and, of course, cakes in the country's capital



A taste of old Vienna which can still be had today

# A long tradition inspires Vienna's love of eating

IN ANY profession the grass always seems greener on the other side. Running a restaurant in London I had imagined that restaurants in Vienna would never be short of customers. In the days of the Cold War there would be spies and now that the East is openly talking to the West, plenty of businessmen or generals, as well as United Nations delegates to fill the tables.

Naturally it could never be that simple. Spies presumably would only want quiet corner tables - and any restaurant, however successful, has only four of those - and a dinner to celebrate the signing of a treaty could easily be cancelled at the last minute and the generals reduced to beer and sandwiches.

In fact, for a Viennese restaurant, spies, generals and peace talks are just the "icing on the cake" - what makes Vienna different is the Viennese love of eating. And this love of eating can easily be enjoyed by any visitor.

Apartments in Vienna tend to be small and the Viennese tend to be unmoved by home improvements, watching videos and personal computers. Dinner parties are seen as less necessary than they are in the UK. Much easier to meet, eat

and drink in Vienna's many bars, cafes and restaurants.

This love of eating has also spawned a vocabulary. *Jause* is the Viennese term for the interval snack in which so many indulge and which are so useful to the visitor. The most commonplace sight is the small sausage stands which dispense a wide variety of hot sausages with bread and mustard for Sch25-30 (£1.25), but their ranks have more recently been joined by plenty of pizza stands.

More original is the *Buffet Trziesniewski* opposite the Café Hawelka in Dorotheergasse, right in the centre of the city, where they have reinvented the sandwich. It looks like a 1930's railway buffet and you eat standing up. Behind the counter there is a vast array of open sandwiches.

The big difference is that as they are made the sandwiches are cut into three, and you move along the counter ordering a third of each different type of sandwich which cost Sch7 each. Four different thirds make a very good *Jause* but there were students coming in and ordering eight to 10 as an interesting, cheap lunch.

Coffee, pastries and cakes are the more common snack and the coffee houses continue to prosper, although they may

now be full of tourists - Japanese, Italians, Germans and Americans in particular - rather than Austrians.

The Viennese passion for cakes was brought home to me when I walked into my room at the Plaza Hotel. On the table was a delicious lime-glazed *rumbarb* shortcake, big enough for four, as well as the recipe for the cake in both English and German. And in no other city could a dispute over a chocolate cake go on for 48 years and then take a further seven years in the law courts.

Such, however, was the length of time that the Hotel Sacher and the Café Demel disputed the *Sachertorte*. Three points in particular were the issue: the use of the term "original", the apricot jam; and whether the sponge should be sliced. At stake were principles, obviously, but also big business. Every day the Hotel Sacher makes 2,000 *sachertorte* (3,500 a day at Christmas, Easter and on Mothers' Day) and uses 6,000 fresh eggs a day for the sponges. Every day, DHL, the courier service, calls at 8 am, noon and 4 pm to take *sachertorte* around Europe and the hotel guarantees to have one of its cakes delivered to your apartment in Manhattan within 48 hours.

In spite of the distractions of

sausages, sandwiches and cakes, the Viennese preference at meal times is still for the more traditional meals, often starting with soup, and for helpings. These dishes can be most easily found in the city's traditional restaurants and among the best are: Bei Max (tel: 637339), Lammerei (513100) where I had a wonderful bowl of potato soup; Wein-Comptoir, which offers a particularly interesting range of Austrian and imported wines by the glass; and Oswald and Kolb, the artists' cafe which is only open in the evening (512137). You will pay Sch200-250 for three courses in any of these restaurants and not leave hungry.

For their inspiration these restaurants look to the past. There is however a new, lighter approach being brought to cooking in Austria and Vienna is ideally placed to show this off. The emphasis in gastronomic circles everywhere today is on regional food and as Vienna was for so long the capital of an Empire that was no more than a collection of disparate regions it has continually drawn on these regions for its produce and its best chefs.

Most of these chefs have traditionally come from Bohemia. The *wiesner schneitzel* was imported from Milan in the early 19th century and there are interesting dishes to be found in the provinces of Carinthia and Styria, close to the border with Italy.

The two restaurants in Vienna displaying this type of cooking at its best are Knap (51516546) and Steirerack (7133168) which means "a corner of Styria". Steirerack has much in common with La Tour d'Argent in Paris; both are close to the river and both have exceptional wine cellars to walk around. My advice, should you be lucky enough to eat at Steirerack, is to visit the cellars after the cheese and before the dessert with a small glass of Styrian *Pöble* Williams.

This small exercise may prove necessary not because the food is at all heavy but because it is so good that it is difficult to resist. The bread is

wonderful, as it has to be in Vienna, the *amuse-gueule* of a small cup of concentrated beef consommé a great reviver. We then ate their six-course tasting menu which had a choice at each course and we were each served one of the choices.

There were some memorable dishes: a light veal dumpling with langoustines; a pigeon breast in breadcrumbs with a salad of rocket, fillets of char with beetroot pasta; venison with the new season's cherries and a delightful cream cheese soufflé. Although the setting is definitely international - the glass cabinets by the entrance selling cooking videos and books would be my only criticism - the feel is definitely Austrian and the wooden ceiling is a relic from a Styrian castle. The service led by the owners, Margarethe and Heinz Reitbauer, and a first class sommelier, is efficient and very friendly rather than the more impersonal perfectionism of many top restaurants.

The tasting menu for two with a glass of different Austrian wines at each course was Sch200, expensive by Viennese standards but considerably less than one would pay for a similar meal in Paris or London. (American Express cards only).

The most recent addition to the restaurant scene in Vienna lays claim to the title of the world's smallest restaurant. In 1988 Thomas Selter, from Alsace in France, came to Vienna, having cooked at some of the top restaurants in France and Austria, to make *foie gras*.

He missed cooking so much that he decided in early 1989 to turn what he uses as his office during the day into a small dining room at night. It has to be booked by a party - six the minimum, 10 the maximum - and you are served a seven-course set menu at a price of Sch2,000 per head, inclusive of champagne, wines, liqueurs and coffee. The restaurant is open Tuesday to Friday nights only but does close when Selter is torn away to the Opera House.

N.L.

MUD STICKS, even when it is dissolved in wine. One of the harder accounts ever allocated to a public relations agency must have been that for the wines of Austria just after what the tabloid press (inaccurately) called "the anti-freeze scandal" and what the Austrians themselves more circumspectly now refer to as "1985".

In fact the substance illegally added to so many Austrian wines to make them seem ripe was diethylene glycol, not the ethylene glycol found in antifreeze, but it was still illegal, potentially harmful and has apparently succeeded in putting the world off Austrian wine almost completely.

In the first half of the 1980s Austria's wine exports averaged well over 40m litres a year. Since the debacle of 1985 they have never managed to persuade foreigners to buy more than 4.5m. The commercially all-important German market, which in 1984 absorbed three-quarters of total exports, more than 30m litres, and too often unscrupulously blended it in to "German" wines, has imported only about 2m litres a year since.

The scandal left Austria's honest majority of wine growers - and there are 33,000 of them - with an enormous problem. They could not possibly adopt the blistering strategy being essayed by Chile in the wake of its scandal, centred on sorbitol (illegal, harmless and limited so far as we know to a handful of compas). Something radical was called for and something radical has been achieved - something even more radical than the snazzily abstract labels and self-consciously tall bottles now being adopted by so many Austrian wine producers. Forget dindis; think pastel crayons. The scandal has clearly impelled the best of them even faster towards the goal that in some cases was already in place before the dishonest minority brought Austrian

## The vintners fight back

wine into disrepute.

That goal - of producing world-class wine - is now easily within sight. And, happily, many of Austria's best wines are unique to Austria, rather than being the usual reworkings of formulae successfully applied elsewhere.

That is not to say that such reworkings as there are have not been rapturously received by Austria's own numerous and growing band of connoisseurs, who learnt in 1985 to pay a decent price for good quality. At Vienna's recent Vinova international wine fair - blessed with warm pretzels and distinctly superior tasting glasses from Austria's pioneering glass maker Riedel - each day's allocation of barrique-aged Chardonnays such as Bründlmayer's and Mantlerhof's, everybody's darling, quickly disappeared down Austrian throats.

Equally popular with the natives are well-made Cabernets such as Römerhof's and even Cabernet-Merlot blends as achieved by Mahner - all of them keenly displaying the new French oak bought to house them. But the more classical wines are just as much in demand. Perhaps the single wine style of which Austrian connoisseurs are most proud is Riesling (no longer known here as Rhein Riesling) from the Wachau. Dr. Walter Kutscher, one of Vienna's most respected wine experts told me ruefully that even he had to reserve good Rieslings when they are still in cask to be sure of getting a few bottles.

At the wine fair Franz Hirtzberger looked nervously over his shoulder as he poured me a sample from one carefully bottled bottle of his justifiably prize-winning Singereck 1988 Riesling. Like some of his neighbour F X

Pichler's, this wine demonstrated awesomely the characteristics of top quality Wachau Riesling, called *Smaragd* today, most successfully in Burgenland close to Hungary; their consumption 30 per cent red.

This puts pressure on the prices of their own reds, most of which carry names utterly unfamiliar to non-Austrians but some of which can be far more exciting than those rather minty Cabernets. Blaufränkisch, the Limberger of Germany and Ektakos of Hungary, is Austria's most noble native variety as wines such as Römerhof's barrique-aged 1989 demonstrate. The 1986 Blaufränkisch from Triebeauer of Rust has passed into Austria wine mythology. But Zweigelt can also be extremely good in a refreshing Dolcetto sort of way, provided it comes from low-yielding vines, as demonstrated by a 1987 from Umakum, and St. Laurent can provide a wonderfully soft red.

All this means a resurgence of Fassbinders, not film-makers but, literally, barrel binders or coopers who assemble oak, usually Austrian for indigenous grapes and French for Cabernet and Chardonnay. Austrian reds have recently softened in style thanks to Austria's winemakers' perhaps overdue mastery of the second, malolactic fermentation (still extremely rare for whites) and have deepened in colour.

Whites have, inevitably, become more international but there are encouraging signs of individualism. Edwin, one of the three skilful Jurtisch brothers of Weingut Somhof, whose whites are excellent, lamented: "It's terrible. We're in a French period at the moment where we call Weissburgunder Pinot Blanc and Pinot Noir. But look at my Chardonnays. The 1988

may be an international wine. The 1989 is Austrian!" The amount of new oak used had been halved and it was now possible to taste the fruit rather than char and vanilla on a wine that cost the equivalent of 56 at the cellar door, before Austria's heavy beverage and alcohol taxes and 20 per cent VAT.

According to Dr. Priny "what we Austrians like in our wines, fine acidity, stops our Chardonnays being fat." I certainly came across no fat wines on my recent trip to Austria. The Sauvignon Blancs and the Cabernets tend to be a little on the skinny side, but the country's own spicy white grape Gruner Veltliner is a delight at half the price of a Chardonnay - aromatic, peppery and sometimes fiery wines that can age surprisingly well. And Austria has more surprises such as Neuburger and Mantlerhof's extraordinarily rich Roter Veltliner, headily reminiscent of a top late harvest Tokay from Alsace.

And then there are the famous deliberately sweet wines, notably from Rust in Burgenland. It is perhaps not surprising that many examples from the particularly ripe vintage of 1981 are still commercially available in Austria. Oddly enough only 25.49 for its Rustur Trockenbeerenauslese 1981 and at that price it is a bargain. Its much-prized counterpart coaxed from the same vintage and location of Weissburgunder by Holzer is quite stunning and Alfred Gabriel's 1981 Rillander Ausbruch (Austrian Aszu) also showed that we are wrong to let the anti-freeze phantom keep us from some unique, world-class wines.

Austrian wines are stocked by Selfridges, Harrods, Oddbins, Safeway, The Wine Society and selected branches of Sainsbury's, ASDA and Victoria Wine.

J.R.

## CHESS

WHEN Gary Kasparov and Anatoly Karpov launch their fifth world title series in the Waldorf-Astoria ballroom, New York on October 7, it will mark a significant change of direction for championship matches. Whether or not it proves a final showdown between the two rivals, it will surely be a critical test of whether chess can be successfully promoted to the challenging American market.

The first title contest, between Steinitz and Zukertort in 1886, was staged in the US, as were three of the next six: Steinitz-Gunsberg 1889, Steinitz-Lasker 1894, and Lasker-Marshall 1907. After that,

matches switched to Europe or Latin America until the Soviet hegemony began in 1948. The fact was that the US lacked either willing funds for chess, a credible challenger, or both, until Bobby Fischer emerged; and his match with Boris Spassky in 1972, at the height of the Cold War, had to be played in neutral Reykjavik.

Starting with Fischer-Spassky, costs and prize money for championships rapidly escalated as political or personal tensions between the opponents attracted the media. Kasparov and the defector Viktor Korchnoi, who met in 1978 and 1981, were not on speaking terms. Their matches featured a mysterious Soviet doctor whose main function was to stare at and disconcert Korchnoi, as well as arguments over whether Korchnoi was receiving coded messages via his yoghurt.

Player's chairs were routinely X-rayed or dismantled in search of hidden devices, draw offers were relayed through the arbiter, while a search of the Reykjavik light fittings for bugs revealed two dead flies. It was good fortune for the protagonists, that chess's emergence as a symbolic and entertaining Cold War microcosm coincided with increased interest in the game as a promotional medium for image-conscious cities, countries and politicians. Reykjavik got a favourable press during the fishing dispute with the UK; the Philippines while President Marcos was negotiating some US loans; and London when the GIC leaders wanted to be abolished on a high-profile note. The last K v K series at Seville 1987, with a prize fund of \$2m, was part of the build-up to the city's 1992 commemoration of Columbus's voyage.

The second half of the match, with prize money now increased to \$2m, conforms to this pattern. Lyon's chess playing mayor Michel Noir expects to promote his city's cultural and business image via daily world-wide mentions of the games and their venue for the best part of a month.

New York, which will stage the first 12 of the 24 games, has quite a different set-up. Kasparov's opening press conference in March was held in the blue room of New York's City Hall and presided over by mayor David Dinkins, but the playing site will be the MacLowe Center, a new mid-town Manhattan hotel under construction and with a playing hall seating 800.

The promoters are the Los Angeles based Interscope Group, which has interests in a range of companies from entertainment to timber holdings. Interscope's owner Ted Field is a film producer best known to the business community for buying and selling Panavision at a \$60m profit.

Interscope is investing \$4m into the New York half of the K v K match. Part of its objective is long term, to be in pole position for any large chess expansion in the US resulting from the match publicity. The US Chess Federation's individual membership doubled to around 60,000 after Fischer became world champion, but dropped back when he abandoned chess and has for years been on a static plateau at around 50,000. On a per capita basis, this is well behind the Soviet Union, eastern Europe or even western countries like Iceland and Holland.

More immediately, Interscope plan to sell match sponsorships or individual games to leading corporations at \$150,000 a time, to attract full houses of

spectators with season tickets available for around \$1,000, and to persuade television networks to include a "Chess minute" every hour during the games, with longer nightly round-ups on cable and public television.

London's experience in the 1986 title match, as well as in the candidates' semi-finals, Korchnoi-Kasparov and Spassky-Timman, may be relevant to New York's hopes. Margaret Thatcher formally opened the 1986 match; there were large audiences at the Park Lane Hotel; Saxe & Prosper sponsored a \$10,000 brilliancy award; and several companies bought advertising space around the players and the board. But in the critical area of television, coverage has generally been restricted to late-night programmes on Thames and a few daytime spots on TV. Another major problem for K v K sponsorship is that the names "world championship" and "New York" crowd out any other identification.

Kasparov has worked energetically to promote the match, meeting politicians and journalists and arguing his own and Gorbachev's views. He has recently resigned from the Communist party, announced his "democratic alternative," and speaks of using the US rather than Moscow for his pre-match training camp.

Kasparov is 27, the highest rated chess player in history. Karpov is 39, has lost his last three matches, and has failed for more than a year to add to his record collection of tournament first prizes. Even his easy candidates' final victory over Holland's Jan Timman was marred by unforced errors. Although Kasparov now gives the impression almost of a semi-defector, the problem remains that the outcome of the match looks too predictable.

Leonard Barden

## BRIDGE

TWO SLAM hands from rubber bridge took my fancy, so I pass them on to you. Let us first study The Duck That Counts:

North  
N  
K 74  
A 1082  
K 96  
A K 9

South  
S  
W 9873  
K 83  
K Q J 95  
92

West  
W  
K 74  
A 1082  
K 96  
A K 9

East  
E  
863  
9743  
J 75  
105

North dealt at game all and bid one no trump. South responded with three spades, and North correctly rebid four clubs, accepting spades as trumps and showing his club control. South then showed his control with four diamonds, and North bid four hearts. South now said four spades, but when North tried again with five clubs, he went six spades.

Winning West's heart king with dummy's ace, the declarer drew two rounds of trumps with ace and queen, cashed ace, king of clubs, and led the heart. East ruffed and played a heart. South ruffed, discarded dummy's diamond six on the club queen, cashed king, ace of diamonds, and ruffed a diamond with the spade king to fulfil his contract.

"Why didn't you draw the last trump?" asked North. "Because I wanted to make my contract," was the terse reply. If South does draw all the trumps, his contract is dependent on the 3-3 break in clubs, and this does not happen. If West does not ruff the third club the queen wins and the fourth club is ruffed with dummy's spade king. South crosses to his diamond ace, draws the last trump, and concedes a diamond. Neat - and very satisfying.

Now for The Last Trump:

North  
N  
K 74  
A 1082  
K 96  
A K 9

South  
S  
W 9873  
K 83  
K Q J 95  
92

West  
W  
K 74  
A 1082  
K 96  
A K 9

East  
E  
863  
9743  
J 75  
105

North dealt at game all and bid one no trump. South responded with three spades, and North correctly rebid four clubs, accepting spades as trumps and showing his club control. South then showed his control with four diamonds, and North bid four hearts. South now said four spades, but when North tried again with five clubs, he went six spades.

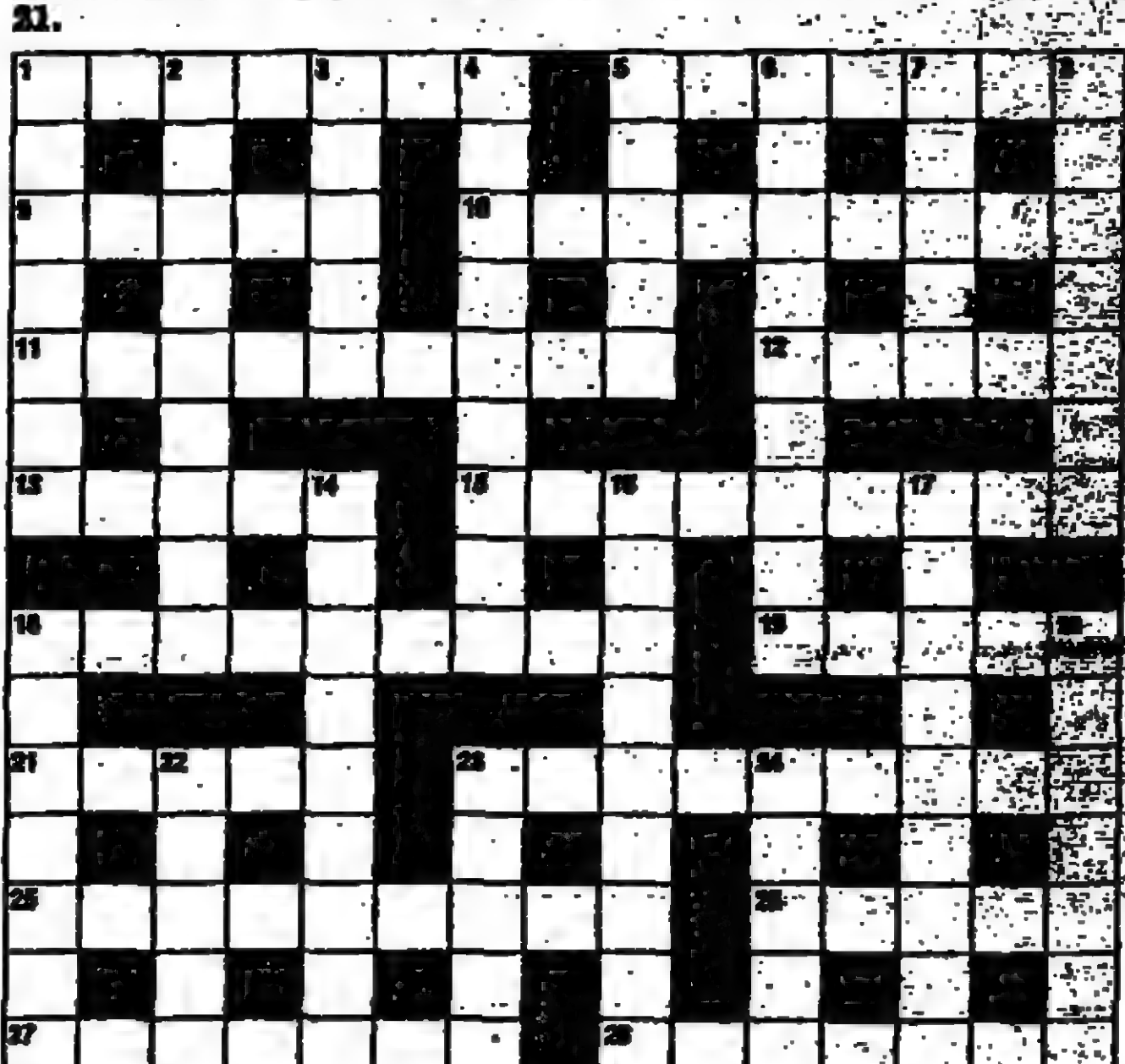
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E. P. C. Cotter

## CROSSWORD

No. 7,283 Set by HIGHLANDER  
Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday July 18, Market Crossword 7,283 on the envelope, to the Financial Times, Newsprint Building, London SE1 8SL. Solutions on Saturday July 21.



- 1 Not said by one of royal descent (7)  
5 Pivot is almost complete: needs small piece taking off end (7)  
10 Cut into new estimate (5)  
11 Government intended not including a report (5)  
12 Put up with English ruined by speed (5)  
13 Rider includes time-sheets (5)  
15 Run down poor quality paint (5)  
18 He enters someone who can speak from memory about Rugby (5)  
19 Died back: how sad (5)  
21 One who sits still is a problem (5)  
23 Make sweet turnover to follow a spring vegetable (5)  
25 One who checks and verifies first class returns from concert hall (5)  
26 All leading conductors have one intensive rehearsal for singers (5)  
27 Object without being interchangeable (5)  
28 Vessels in river stretch (7)

DOWN  
1 Finished supplying drink on draught (5)  
2 Clings to a strange yearning for the past (5)  
3 In a nasty, lecherous manner (5)  
4 Cheese roll is spoken for also (5)  
6 Plane needs oxygen inside to stay buoyant (5)  
8 With meadow he's reverted to ancient form of land tenure (5)  
9 Get up without a lift (5)  
14 As you said, better off with a flirtatious girl (5)

Solution to Puzzle No. 7,282  
ACROSS  
1 CACAO  
2 PASTRY  
3 CUPCAKE  
4 BREAD  
5 CUPCAKE  
6 CUPCAKE  
7 CUPCAKE  
8 CUPCAKE  
9 CUPCAKE  
10 CUPCAKE  
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25 CUPCAKE  
26 CUPCAKE  
27 CUPCAKE  
28 CUPCAKE  
DOWN  
1 CUPCAKE  
2 CUPCAKE  
3 CUPCAKE  
4 CUPCAKE  
5 CUPCAKE  
6 CUPCAKE  
7 CUPCAKE  
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27 CUPCAKE  
28 CUPCAKE



## HOW TO SPEND IT

Lucia van der Post takes the plunge with beachwear, chooses some lighting and focuses on designer talent

## Yes, you can buy swimwear in summer

**T**HE PROBLEM with buying swimsuits is that the rails in the stores fill up with skimpy bikinis and seductive bandeaus just when the average city centre looks like the frozen tundra.

However, things are changing... slowly, but remorselessly. While it is still true that February is the month when the powers that govern such matters fill the stores with summer gear, several have also noticed that there are a lot of people who prefer to buy their swimsuits roughly around the time when they want to wear them - that is, in the summer.

They have also noticed, being keen to turn a penny, that holidays are no longer taken exclusively in August. The vogue for long-haul and out-of-season merry-making means that demand for hot-weather, holiday clothing is virtually a year-long business.

On top of that swimwear is now very often multi-purpose - a sleekly-cut, close-fitting simple "body" can often do duty as a top under a suit, be worn as part of a keep-fit get-up and move into the swimming-pool afterwards. All of which has obliged the stores and manufacturers to rethink the matter and to stop closing swimwear departments just as summer finally hits town.

So this year, if you should still be in need of something with which to grace the plage, some of the more enlightened stores will have a great deal more choice than ever before.

Shirley, a leading British company, has a "Cruise" collection which is being delivered to the stores now.

Part of its charm is that most of the swimsuits or bikinis come with matching or co-ordinating pieces, such as

shorts, skirts or overshirts, that turn a swimsuit into an outfit you can wear to lunch or walk about in.

Designs are more fashionable than in the past, prices are very reasonable (around £40 for swimsuits) and they are widely available - at Selfridges, House of Fraser stores, John Lewis stores, Alders of Croydon, Fenwick's of York, Newcastle and Leicester.

Anybody buying a swimsuit at Selfridges in London or Lewis's in Leeds and Birmingham will notice the impact of Du Pont (makers of Lycra, without which no self-respecting swimsuit would be seen these days) and the first results of a determined campaign to make swimwear-buying more pleasurable.

Comfortable changing booths, plenty of places to put clothes and bags, good lighting, robes to slip on and off, all help.

Current styles are much influenced by general fashion trends so the obsession with active-wear emerges in swimwear - in cycling-style shorts, cropped tops, comfortable shapes for moving around. The fondness for draping and body-hugging that designers such as Norma Kamali, Romeo Gigli and Donna Karan are so famous for is everywhere, too.

If you want a knock-out design at a knock-out price you cannot do better than make a trip to Brown's of South Molton Street, London W1, where there is a year-long collection of swimwear by big designer names like Norma Kamali, Donna Karan, Romeo Gigli and, a name from the past and current unlikely focus of fashion fever, Pucci. Prices start at £80 for a classic Pucci number and go on up to £300 for the touch of Gigli magic.



Deauville, here we come! Swimwear designed by Moschino and available from Joseph, 77 Fulham Road, London SW3 or Fenwick's, 40 Hans Crescent, London SW1. Prices from £140



From the Shir collection going into the shops on August 1, a black and white bikini (£38) with bandeau top and a matching oversized co-ordinating shirt (£78) in fine cotton voile

## A showcase for design talent

**T**HE FAMILIAR sad story of young designers emerging from art schools in the UK only to find disillusionment and the dole queue ahead of them seems no longer to be the only refrain.

While it still does seem depressingly true that too few manufacturers find a role for them in industry, more and

more are meeting the challenge by setting up in business themselves.

That, at any rate, seems to be the message from the seventh New Designers Exhibition, which opens at The Business Design Centre, 52 Upper Street, Islington, London N1 on Wednesday and runs until (and including) the following Saturday.

Anyone interested in what they are up to will find the work of some 1,000 different designers, all graduating this year. Don't be afraid that you will find nothing but a hodgepodge of ill-digested, amateurish work - all the work has been through a double sifting process.

First it is selected by the tutors in charge of their courses and then it is vetted by the Chartered Society of Designers. The result is that it looks as if the exhibition will be one of the highest and liveliest yet. As you can see from the three pieces photographed here, the work is of an exceptionally high standard, almost all of it being fresh, exciting and at very affordable prices.

Among the exhibits from art colleges: all over the country will be furniture, jewellery,



Drawing by John Macauley, a student at Glasgow School of Art, who wants to become an Illustrator. He will have framed original drawings on sale with prices starting at £20

textiles, ceramics, graphics - an opportunity not to be missed.

Those who run businesses which depend upon creativity should hurry along to see not only what is happening but to seek out some of the best design talent in the country. Those who love to buy individual pieces that are fresh and new will have a marvellous opportunity to buy straight, so to speak, from the drawing-board.

It's a perfect opportunity to find a special present or to track down an artist or designer from whom to commission something personal and special. There will be rare and precious works such as silver pins costing well over £400, hand-made rugs and embroidered screens, dining chairs and a Rock maple, English yew and stained table (£1,750). Look, too, for jewellery from

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## Cookery

## You can count your chickens

Philippa Davenport on an easy and convenient food

**IT** MAY be unwise to count your chickens before they are hatched, but when in doubt about what to serve, the cook can usually count on chicken.

There are several reasons for this. You can't be sure that everyone will eat red meat these days, but chicken is acceptable to most. Chicken portions are undeniably convenient and the good news is that many supermarkets now stock free-range and corn-fed chicken joints as well as standard intensively-farmed birds. So chicken flavour is upped and quinine of conscience about intensive farming are reduced simultaneously.

Chicken is willing to assume a delicate and creamy guise, to lap up fiery spices or to accept whatever other emphasis the cook may care to place on it. This versatility makes it just right for an English summer and on days when summer turns out to be the real thing.

Many of the best chicken recipes are remarkably effortless to prepare, no mean consideration at the end of a working day.

**SUPREMES A LA CREME WITH MUSTARD & WATERCRESS**  
(serves 4)

This ritzy little dish could hardly be easier but if it suits you better the sauce can be made ahead and reheated just before pouring it over the chicken. Once cooked the chicken can be kept hot for a while without spoiling, although I advise against adding the watercress until the last minute. Serve with plenty of hot crusty bread to mop up the lovely sauce. No vegetable is necessary.

4 skinned and boned breast of chicken portions (12 supremes) weighing 5½-6 oz each; 2-3 bunches of watercress; ½ oz butter; 2 level tablespoons flour; 5 fl oz chicken stock; ½ pt double or whipping cream; 1 teaspoon Dijon mustard; 2 tablespoons freshly grated Parmesan cheese.

Lay the chicken breasts in a single layer in a shallow, lightly buttered dish. Make a sauce with the butter, flour, stock and cream and let it simmer for a couple of minutes. Away from the heat stir in the mustard and Parmesan and season with salt and pepper.

Pour the hot sauce over the chicken, cover and bake at 375°F (190°C) for 35-40 minutes until the chicken is tender and succulent.

When ready to serve, put the chopped watercress into a warm serving dish (no sooner or the watercress will wilt). Tip or pour the cooked chicken and its sauce into the dish and stir gently to mix until the sauce is well flecked with greenery. Garnish with fried breadcrumbs or diced croutons for contrasting crunch just before bringing the dish to table.

**SPICED & BAKED CHICKEN**  
(serves 4)

This tandoori-style dish calls for a variety of accompaniments including a lively pickle or chutney. Assuming you have no time to make your own but want something far from run-of-the-mill, I suggest Wendy Brandon's excellent and unusual offerings. Some are hot, some mild, all are made with no salt or added sugar, and are intensely flavoured. For mail order details about her full range

of chutneys, fruit cheeses, jellies, jams and marmalades contact her direct at 110 Stamford Avenue, Brighton BN1 6BZ (tel. 0273-508385).

4 part-boned chicken breasts; 1 lb; 2 tsp each whole cumin and coriander seeds; 2 garlic cloves and a little finely chopped fresh ginger root; a little sun-dried tomato soaked in oil, or concentrated tomato puree; 4-5 tablespoons creamy yoghurt; a little butter.

Remove the chicken skin and any fat. Prick the flesh all over and make two or three oblique slashes across each breast. Sprinkle with chilli, then the juice of the lime and brush the mixture deep into the cuts. Toast the seeds, tip them into a mortar, add the garlic, ginger, tomato and some salt. Pound to a creamy paste, gradually working in the yoghurt. Spread the mixture all over the chicken, cover and marinate for at least six hours, preferably 24 hours.

Lay the chicken pieces, bone side down, in a single layer on a grid placed over a roasting pan. Dot with



wafer-thin flakes of butter and bake at 375°F (190°C) for 5 for 40-45 minutes until the meat is slightly crusted on the surface and succulently cooked within.

Serve with rice (which I stir into the flavoured sauce which have dripped from the chicken during cooking, and scatter with chopped fresh coriander leaves), and with nan bread or poppadoms, a cooling bowl of yoghurt, slices of fresh mango and a lively pickle or chutney. The rice can be cooked ahead if wished and reheated by steaming in butter muslin for 10 minutes before serving.

**FOLLO AL PARMIGIANO**  
(serves 4)

Tagliatelle or pasta shapes tossed in a little butter with sage make a good accompaniment to this very savoury dish. Alternatively I partner it with broccoli or green beans and good bread. If you don't care for sage use a little finely chopped rosemary instead.

4 boned and skinned chicken breasts weighing about 4 oz each; 4 sheets of Parma ham; 1½ oz freshly grated Parmesan cheese; 2 tablespoons each olive oil and lemon juice; fresh sage.

Marinate the breasts for several hours in the lemon, oil and plenty of black pepper in a gratin or other flameproof dish which will take the chicken in a single layer.

Place the dish under a medium-hot grill at some distance from the flame for just long enough to set the flesh, about 5 minutes on each side. Then lay a sage leaf or two on each breast and wrap up loosely in a sheet of ham. Sprinkle the Parmesan over the ham-wrapped parcels, cover the dish with foil and bake at 300°F (150°C) for mark 2 for about 35 minutes.

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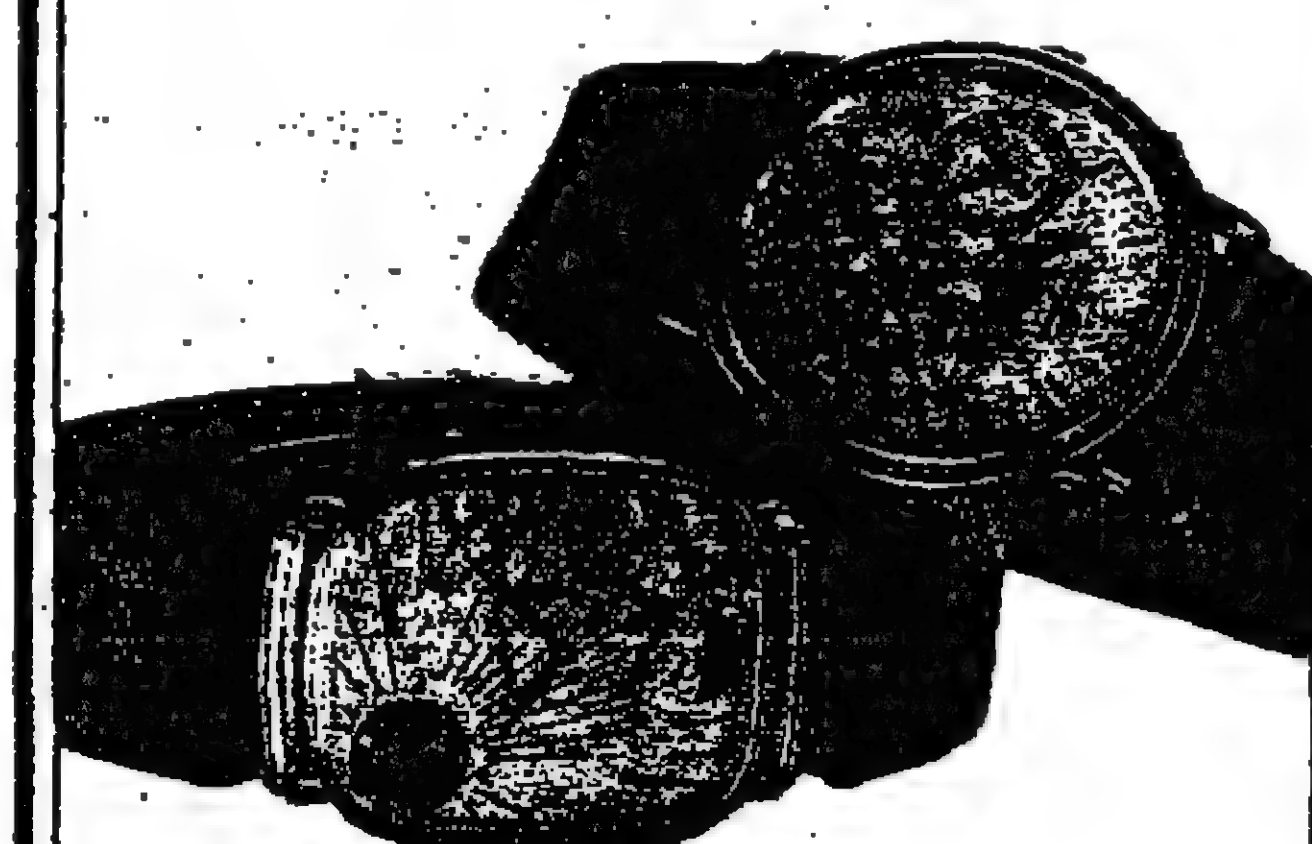


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## Shining example

**IF YOU ARE** looking for lamps that are so special that they are almost works of art then it is worth looking at the work of Monica Greig and Penelope Sitwell.

Monica Greig does most of the design and art work, using an 18th century specialist technique called decalcomania. A cross between collage and appliqué, it gives extraordinarily beautiful and individual results. Many of the lamp bases feature flowers, butterflies, leaves, animals and though the images are culled from magazines, catalogues, books and other sources the results look as if they have been hand-painted.

Colours vary from the sweetly pretty to the rich and baroque. Some have pale yellow, pink, blue or cream as backgrounds to sweet flowers; others have dark, glowing backgrounds with richly-hued butterflies and autumn leaves. Though every lamp is an individual work of art, Monica Greig often makes them in very similar pairs, using the same background colour and the same theme so that they can stand on pairs of side-tables



or bedside tables. Lady Sitwell's role is to gild the base and to market the finished products.

The lamps are currently highly sought after by interior designers. A recent collection has just been dispatched to Monte Carlo and they can now be seen at Claridges Hotel in an exhibition room designed by Tessa Kennedy, the interior designer. They are also on sale at Betty Hanley, Clare House, 35 Elizabeth Street, London SW1; Thomas Goode, 19 South Audley Street, London W1; and to order from Monica Greig (tel. 0252-617596). Prices range from £750 to £350 each.



## ARTS/COLLECTING

## Italian master rises in glory

MASACCIO, who has been waiting in the wings, is now out and about in Florence. The restoration of the Brancacci Chapel in the church of Sta Maria del Carmine, completed months ago and heralded in the world press, is finally open to the public after an inauguration by President Francesco Cossiga on June 7. Delays, it seems, had to do with the world of cuts. The combination of sport, art and technology (Olivetti, with funding rumoured to be more than £1m, sponsored the advanced conservation programme) was seen as a winning ticket by the tourist-conscious city fathers of Florence. The official inauguration of the chapel coincided with "The age of Masaccio" at the Palazzo Vecchio, sponsored by Banca Toscana, showing works of the first quarter of the 15th century – the great moment in Florence's early Renaissance.

Italy, it must be remembered, is passionately regional in its loyalty, and Rome has already re-presented the Sistine Chapel to the world.

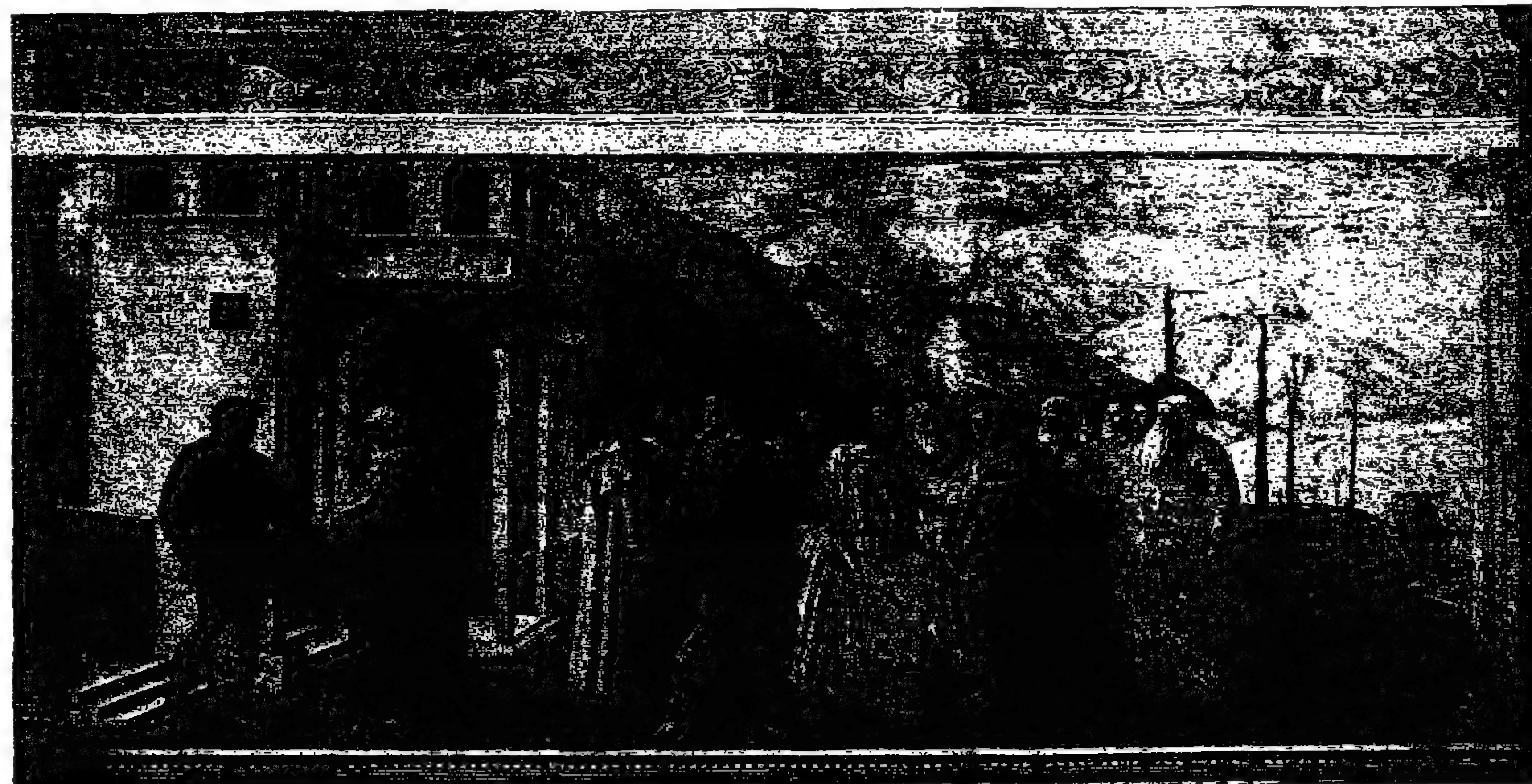
Conservation is considered so highly nowadays that it attracts large sums from sponsorship. In the Uffizi gallery, donor labels of restoration sponsorship are five times larger than the modest tickets of authorship. And the names of the heads of conservation institutes attract a personality cult greater than that of the great artists. Art has been appropriated by business and science, with scholarship serving both. Perhaps it was always so.

The spotlight of conservation throws a glare of publicity on a particular artist or masterpiece for a brief, hysterical moment, then sweeps on to other objects, leaving the newly-cleaned artwork to darken again under the polluting breath of city tourism.

In the case of the Brancacci chapel, the spotlight has also illuminated matters of art history, and, equally as important, Olivetti has ensured the maintenance of the restoration with the installation of an elaborate air filtration plant. The system's air vents are carefully concealed behind the altar and they allow in daylight from the adjacent courtyard. Cunningly augmented by artificial lighting, the chapel is quite magically illuminated.

Attention to environmental control has meant that the frescoes have been treated, cleaned and restored in situ, contrary to the trend of previous decades. The wholesale and perhaps indiscriminate use of "strappo," the technique whereby the paint surface of the fresco is removed by a glue poultice and reconstituted on a moveable frame, is often necessary, but is contrary to the permanent and site-specific nature of frescoes.

Now the Brancacci chapel stands revealed in all its beauty – and it is magnificent. Conservation for once has been a revelation, not a controversial intrusion into artistic intention. The discovery of some bright fragments behind the 18th century altar, including two small tondo heads, has established a chromatic scale against which the cleaned frescoes could be measured for colour veracity. For once there is none of that aching unease



Fresco restoration: *Il Tributo*, one of the works in the Brancacci chapel in Florence which was been carefully cleaned in situ

that cleaning has gone too far, that colours have been chemically interfered with.

Fresco of course is a very particular medium. Natural pigments, diluted with water, are directly painted on to a wet plaster of sand and slaked lime. Enough plaster is laid for a day's work over a layer of rough plaster where the under-

drawing has been painted, usually in red. As the plaster dries the pigments are integrated into the surface by the carbonising action of the drying lime. Fine details are added in the less durable medium of dry fresco – pigments bonded with natural glues such as milk solids – and in earlier centuries, particular colours such as expensive lapis lazuli blue, were also subsequently added in dry fresco.

Conservation work in the Brancacci chapel exposed the colour discrepancy in the grey-

blue sky surrounding the famous nude figures of Adam and Eve in the Expulsion from the Garden of Eden. This was caused by the different drying action of the pigments in each day's area of plaster. Masaccio later covered this with a layer of azurite.

It would have been contrary to good conservation practice to touch up this area. In fact the stark undercolour in no way detracts from the drama of the two anguished figures.

Masaccio collaborated with the older master Masolino on the painting of the chapel, until its patron Felice Brancacci was expelled from Florence. Filippo Lippi completed the interrupted cycle 60 years later and also gouged out some of Masaccio's portrait heads and replaced them with more politically-acceptable individuals.

The chapel began around 1424-25, and like everything in 15th century Florence, includes a combination of religious and political subjects. But even more significantly it documents the collaboration between the young Masaccio, influenced by the new Renaissance series of space and perspective of architects Alberti

and Brunelleschi, and the older Gothic style of Masolino. Although one can clearly differentiate the hand of Masaccio from the lighter, more secular style of Masolino, there is no unease in this collaboration, perhaps because Masaccio was responsible for the grand perspective framework in which the scenes take place.

Masaccio's figures are more volumetric, they stand firmly on the ground and are lit by a natural light source but, most important, they are heroic and expressive. They were a source

of inspiration to Michelangelo. The conservation has also revealed the beauty of Masaccio's handling of the Tuscan landscape, particularly in the misty mountains behind the scenes on the altar wall.

Visitors to the chapel will be restricted in the future and the 18th century marble altar will be moved back into place after September. But nothing can obscure the magnificence of Masaccio's art restored to pre-eminence.

Deanna Petherbridge

## HEIM

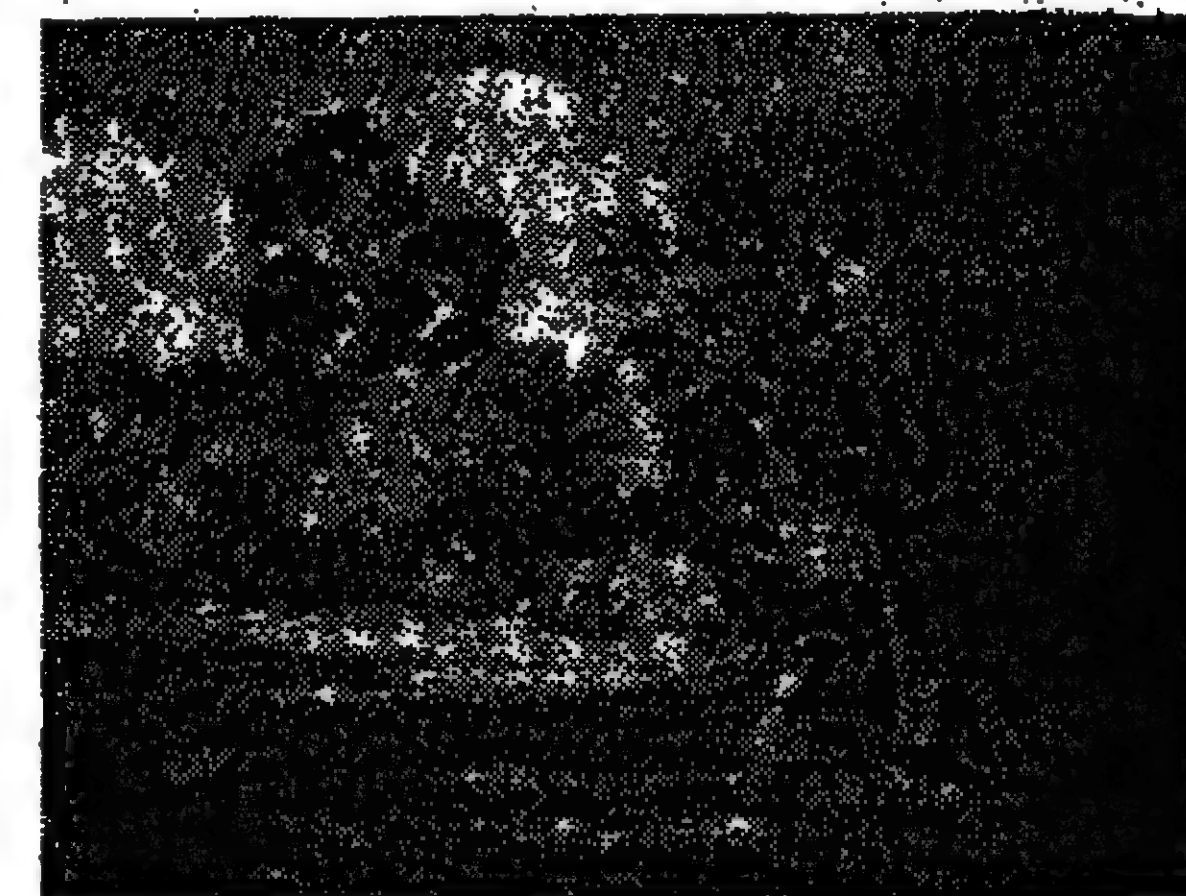
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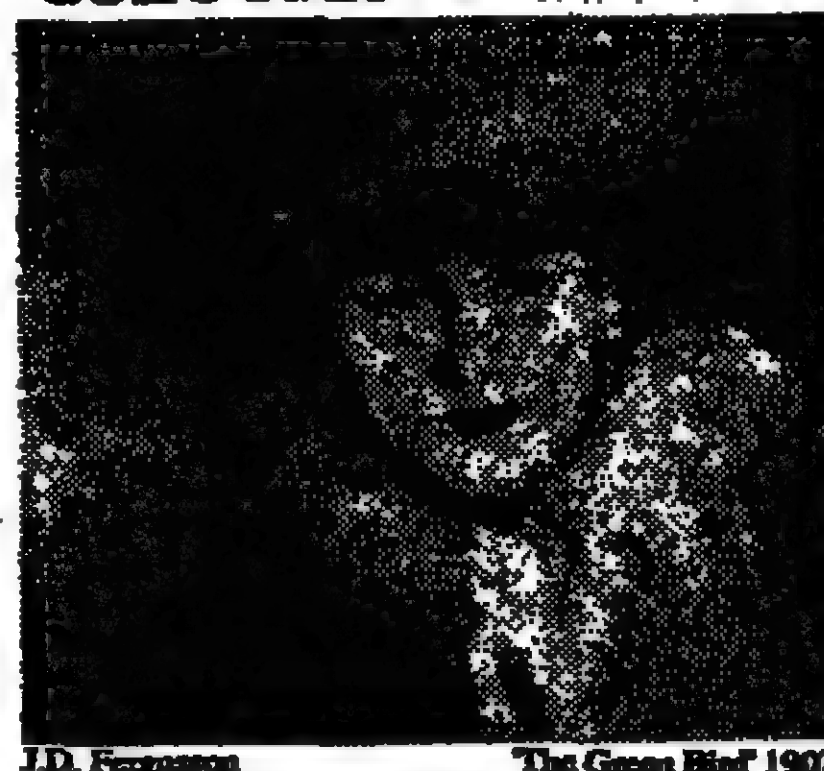
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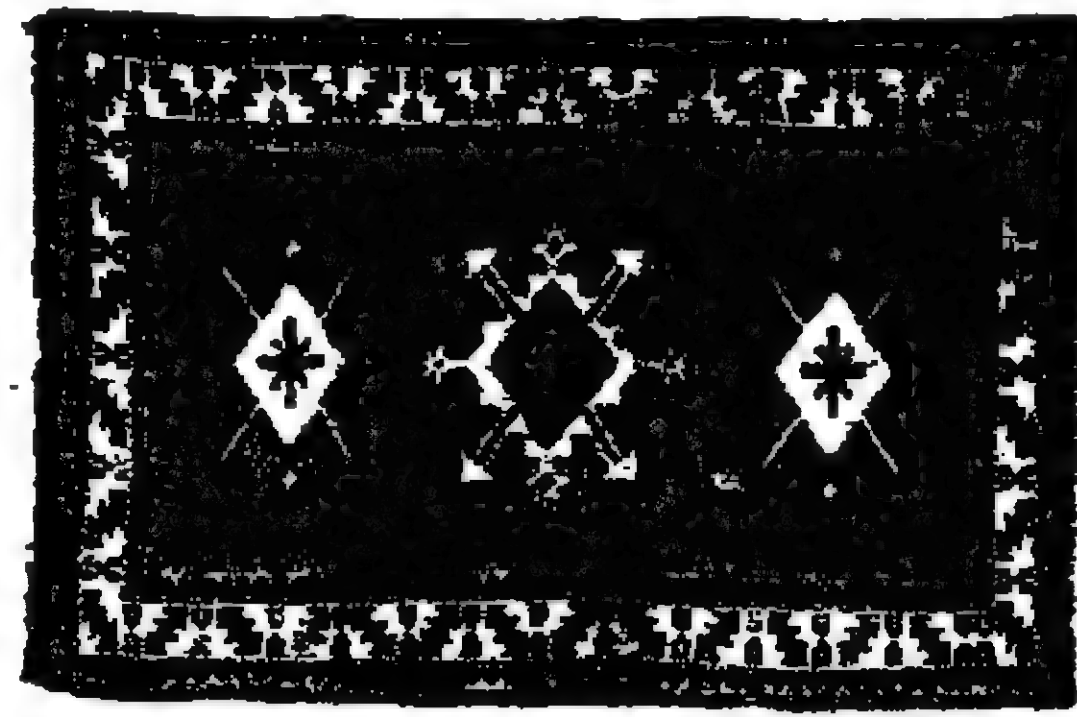
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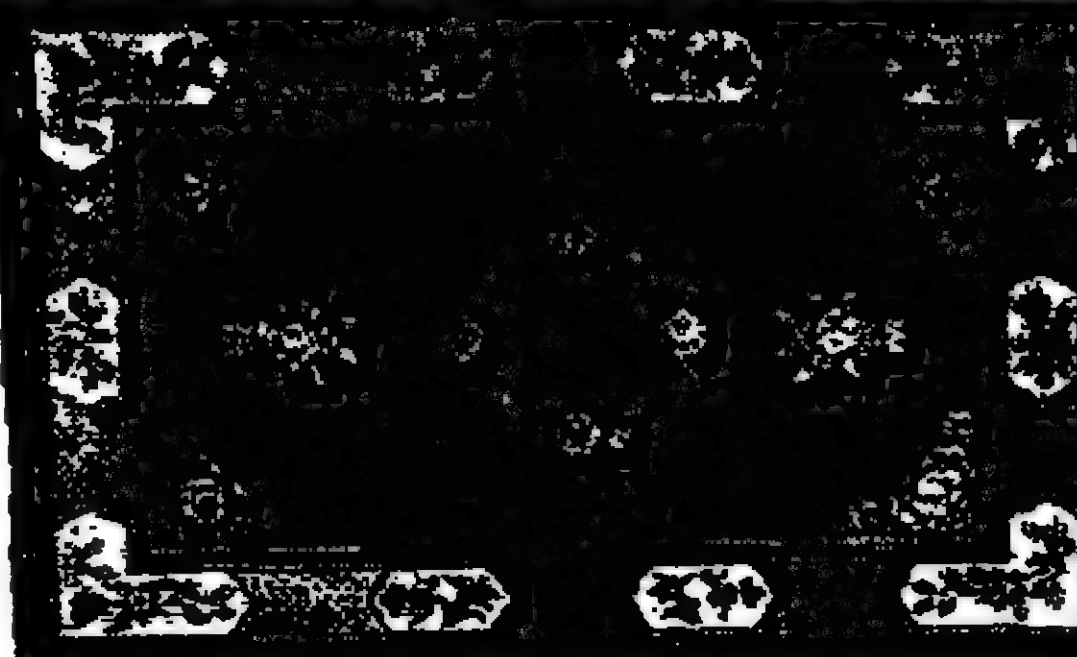
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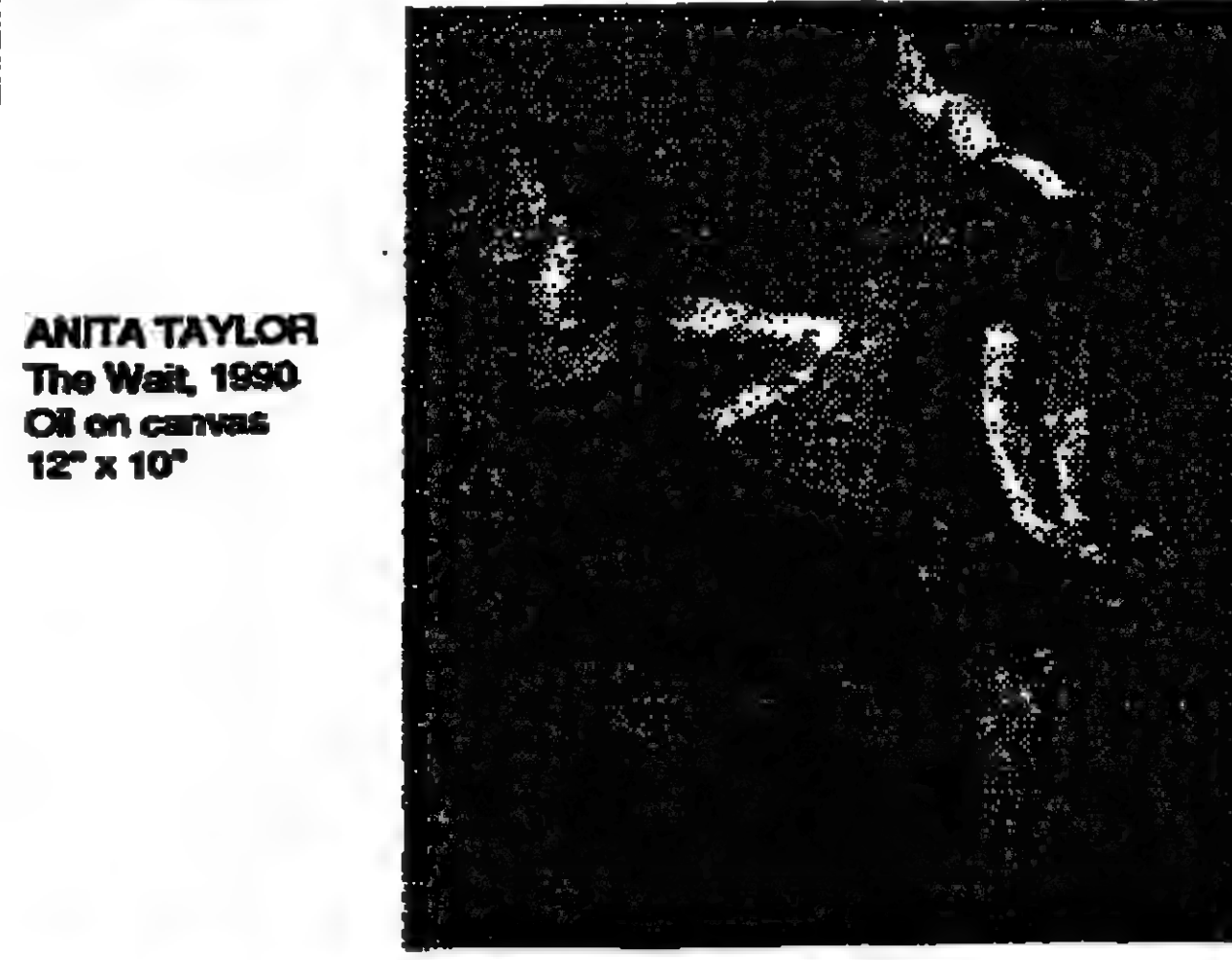
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## ARTS/COLLECTING

## The Cotswolds weather a storm

Dealers west of London are adapting to doldrums in the UK trade, writes Antony Thorncroft

EVERYTHING in the old market town in the Cotswolds looks reassuringly changeless: including the picturesque antique shop with its stock of solid English furniture – country oak and 18th century bureaux – silver tea sets and 19th century watercolours, and a few oddities like a shepherd's crook or a decoy duck.

But beyond the calm there is some panic. The antique trade is finding life tough at the moment and even some of the Cotswolds dealers, the largest group of professionals (over a hundred strong) outside London, are holding on hard. The cause of the downturn is not particularly mysterious.

The Government is trying to curb spending and has concentrated its squeeze on the type of mortgage-owning professional who in the last few years has developed the taste, and the disposable income, for collecting the odd antique.

In addition, fewer new homes are being purchased, with all the fun of decorating them with antique furniture – so much cheaper than modern repro – which further curbs demand. Some of the money made in the City a few years ago went towards a second home in the Cotswolds, and to happy furnishing travels around the local antique shops.

The City is less extravagant these days.

In addition the Americans are experiencing their own economic problems and far fewer are visiting England on an antique treasure hunt. In particular interior decorators, who act as advisers to so many rich Americans, unsure of their own taste, have found times difficult and so come across the UK less frequently. They have memories of a time when sterling was weak and prices were low and they now find British antiques expensive.

Richard Chester-Master, of Cirencester Antiques, can recall the year when 100 dealers, decorators, and private collectors visited his two shops – from Dallas alone. It is now just a happy memory.

Antique dealers in the Cotswolds have to work hard for their money. They have to scour the world for customers and for stock and must market themselves through groups, such as the 55-strong Cotswolds Antique Dealers Association (CADA), or individually.

For example, Rick James, of the Priory Gallery, near Cheltenham, has hit a rich seam by making frequent buying trips to the Continent and introducing British and foreign collectors to the overlooked talent of Belgian artists like Fernand Toussaint.

Business may now be picking up. Pamela Rowan of Blockley, who runs CADA, and mainly deals in porcelain, recently took the first coach load of Americans in some time on a tour of the local antique shops, and they were buyers. Her own experience at last month's Ceramics Fair in London was encouraging, especially for the plainer, more refined, porcelain like Chelsea.

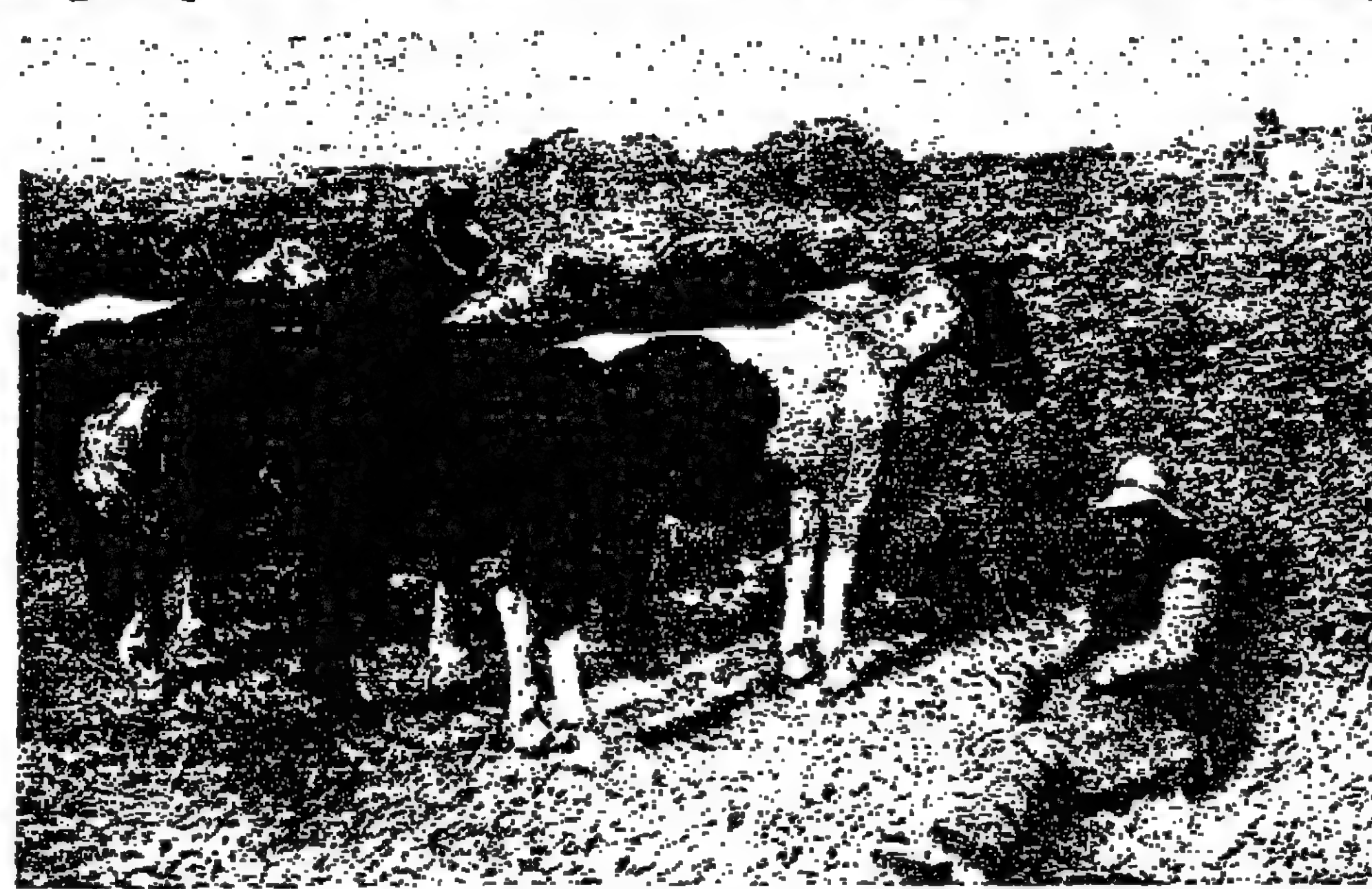
The flamboyant stuff, which traditionally appealed to decorators, was less in demand. The Ceramics Fair, like the mammoth jamboree at Olympia and the grander gathering at Grosvenor House, came up with the same message: antiques that are of top quality, in fine condition, and rare and unusual can be easily sold at very high prices. Anything routine and of medium or low quality just hangs.

On top of this basic rule, there were dealers who had excellent fairs, some who made a modest profit, and some who hardly sold an item. Buyers are very selective, and they can afford to be.

Whatever the travails of the antique world generally, the Cotswolds remains a flourishing area, and well worth a visit down the M40 from London.

Particular centres, notably Stow-on-the-Wold, have more than 30 dealers. Some of them, like Jack Baggett, are constantly expanding into new premises and acting almost like a wholesaler to the trade. Then there is Witney, Burford and Broadway, although Moreton-in-Marsh, Tetbury, and Cirencester are just as generously endowed with interesting shops, and many villages are worth a detour.

The Cotswolds dealer is there because he prefers living in the country to London. It has numerous advantages, most notably in terms of cost. This means the price of antiques in the Cotswolds is usually well below the level in



Investment opportunity: Ponies at the Fair by Alfred Munnings (1905)

London. A London dealer in a fashionable area can be paying £250,000 a year in accommodation costs before he starts trading. In the Cotswolds, dealers can afford to own their premises, and even to expand when demand warrants it. They are not in thrall to rent or rate rises, and the new business charge holds few terrors.

Cotswolds dealers are also keen to turn over their stock quickly, so ask a lower mark-up. That is why this beautiful region is usually on the itinerary of most dealers, including the ubiquitous runners scurrying out a bargain, as well as dealers, both British and foreign.

On average, around a half of sales by Cotswolds dealers are to the trade, with the rest concentrated on regular customers, local, British, or foreign. The casual touring buyer is rare, except for cheaper items. In general, picture dealers, with their higher margins, are having a better time of it than the furniture traders. Dealers like John Davies of Stow, John Nott and Richard Hagen of Broadway, and the Kenulf Gallery in Winchcombe, report good business.

Taste is not advanced in the Cotswolds, but British Impressionism, the work of the likes of Harold Harvey, Dorothea Sharp, and Laura Knight, has taken a hold, along with com-

parable paintings by continental artists of the same period (the expensive French masters excepted). Contemporary artists working in a figurative or landscape tradition also sell well.

There is always a demand for good 19th century watercolours of the locality. The Cotswolds is no place for a dealer in the avant-garde, but

*'The Cotswolds area is a worthy competitor to London'*

there is a demand for more than chocolate-box pastiche.

It is in this competitive area that go-getting pays off best. The dealers suffering most are those that sit in their shops and wait for callers.

The energetic types, always hunting for new stock, selectively take stands at fairs where they can browse over competitors' stock and make new contacts, and bombard existing or prospective buyers, at home and abroad, with catalogues and information about new acquisitions.

They are taking advantage of the higher prices they can ask for stock that is steadily improving in quality. Cotswolds dealers are running their London opponents close in the auction rooms, often carrying off important works.

The more enterprising furniture dealers are also happy with life. Witney Antiques has just bought the adjacent old coaching inn. It considered moving to London 18 months ago, but the opportunity to double its space at reasonable cost persuaded it to stay put.

It has been able to create three showrooms, one displaying country and early furniture, one continental pieces, and one classical furniture in a room setting. Witney, like many Cotswolds dealers, can sell from a 25-year tradition.

Getting good stock is the biggest problem for the Cotswolds dealers, as for any dealer. Sometimes they are frightened to sell because they know the piece is almost impossible to replace. And the good things carry price tags that seem outrageous to long-established dealers: how can I make my 30 per cent (or 50 per cent) profit on that? How can I, a country dealer, compete with the big London galleries, funded by merchant banks, for the really top items? This is why some Cotswolds dealers, like John Davies, flirt with the idea of going to London.

It seems easier there because good stock is more accessible; and there is a larger passing

trade, including the mythical Swiss bankers and Japanese tycoons (few of whom have yet been seen in Stow and towns west). But most Cotswolds dealers choose the country because they prefer the pace of life and want to stay close to the shop. They are being joined by newcomers from London, often dealers who seek a quieter semi-retirement or sometimes by young men investing a quickly-made fortune in antiques and finding the life harder than they imagined.

In the last two months, however, four Cotswolds dealers have given up the struggle. But old-timers like Richard Chester-Master know that the business has always been a series of peaks and troughs and that, in time, the current slush will blow away. Certain types of antiques, oriental ceramics, for example – have already taken off.

Dealers in speciality areas, like Manfred Schotten of Burford, who concentrates on sporting goods and library furniture, are generally doing well. He has just disposed of a very rare Chinese export bowl, decorated with a man playing golf, as well as a large shuttlecock made in the 1860s.

The concentration of dealers in the Cotswolds ensures an abundance of worthwhile objects to view: objects which are constantly changing as the dealers return from another foraging trip.

The dealers, like their shops, are generally less stuffy than their London counterparts and have learned in the recent tough years to improve their selling skills.

They will generally offer a buy-back guarantee, knowing that the basis of their business is long-term relationships with satisfied customers.

Of course if you are looking for avant-garde art, for the finest Old Masters, for expensive silver, and for the very best oriental rugs, carpets and textiles, the Cotswolds is probably not the place – although, given the amount of stock in the area, you may be surprised. It is an Aladdin's Cave situated in the most bucolic surroundings. It is a worthy competitor to London.

For more information contact the Cotswolds Antique Dealers Association, High Street, Blockley, Gloucestershire. (Phone: 0356 700280).

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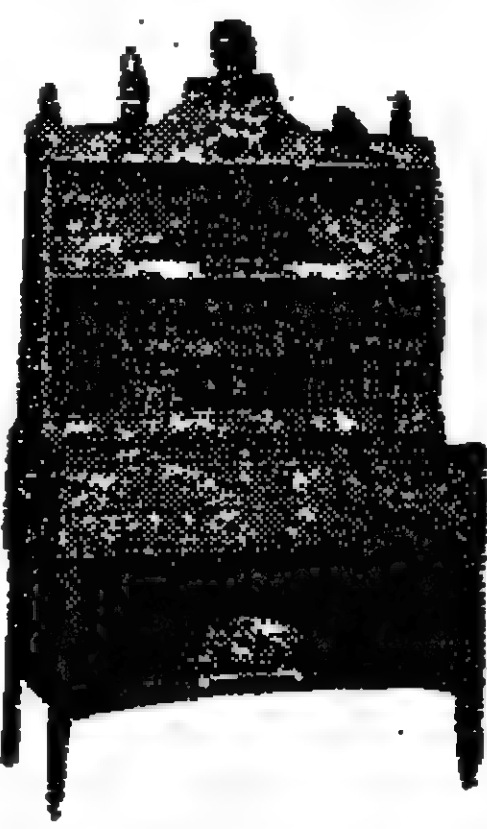
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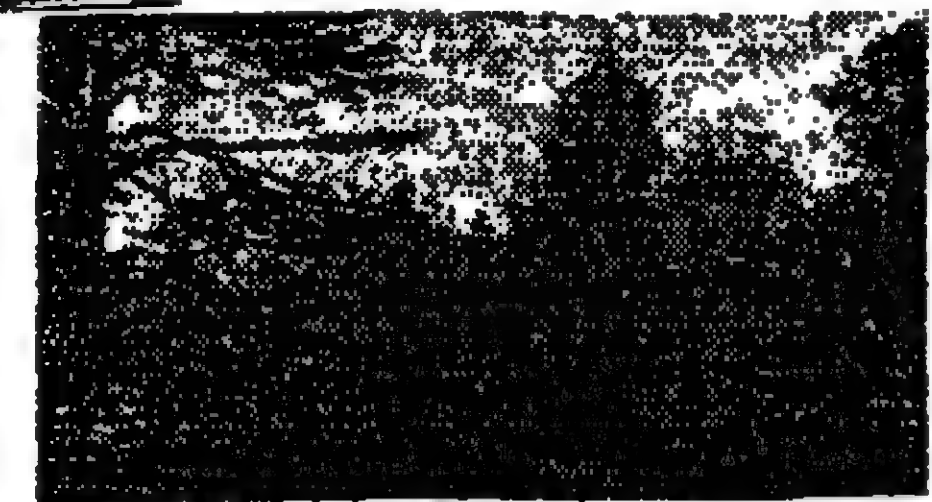


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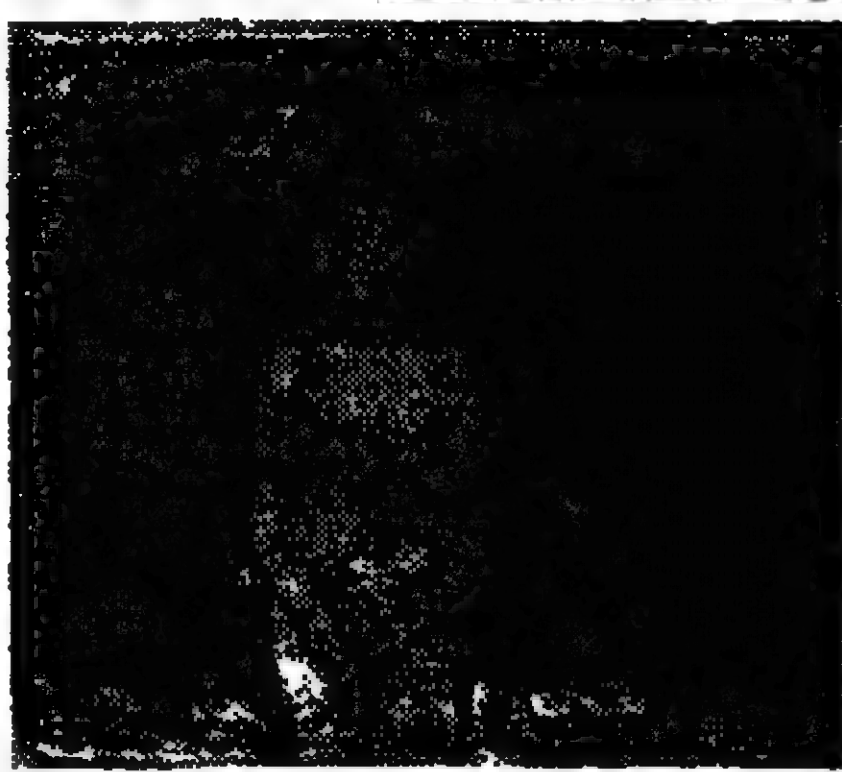
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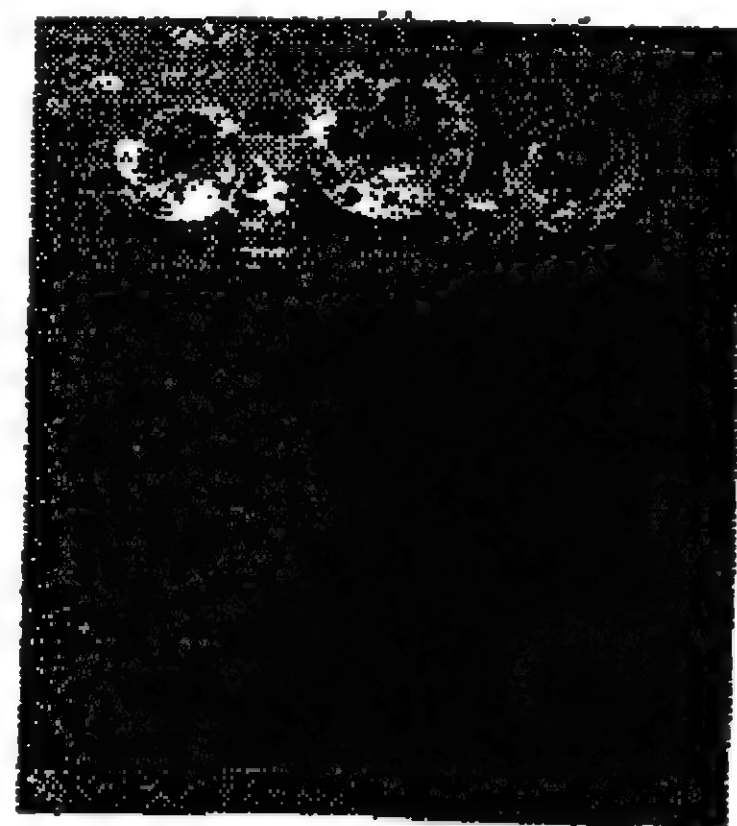
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## TRAVEL

# A visit to the Riviera for art's sake

Nicholas Woodsworth has a nice time in Nice, the Miami of the French Mediterranean

The sun blazes away all day  
Blue skies and blue seas  
Red roses and green pease  
And all sorts of southern luxuries

AS POETRY, Edward Lear's lines on the French Riviera are something less than sublime. But they do reflect an Englishman's delight in a world far from the grey skies and cold rain of his own country. While 120 years ago a winter season spent on the Côte d'Azur was an escape only the most privileged classes could afford, what Lear saw along the French coast between St Tropez and Menton was very much the same thing that attracts summer crowds there today - sunshine, bright colours and an easy-going, Mediterranean way of life.

Lear, however, did not come south to while away his time in polite society. "The atmosphere of swiftness and total kindness in this place," he wrote, "is odious." Avoiding ballrooms, casinos and genteel seaside strolls along Nice's fashionable Promenade des Anglais, Lear had come to work. While better remembered today for his nonsense poems, Lear in fact made his living as an accomplished illustrator and landscape painter. One of the earliest painters of the Riviera, he filled one enormous room with more than 300 exotic birds. Another overflowed with tropical vegetation. Yet a third was devoted exclusively to drawing. Surrounded by favourite models, masks, statues, paintings and pigeons that flew freely from room to room, Matisse - an invalid for almost two decades - drew lying on his bed, using a 6 ft-long bamboo pencil to work on the surrounding walls.

A half hour's drive along the seafloor "corniche" from Nice lies the resort town of Cannes-sur-Mer. Cannes specialises in the production of carnations, anemones and other delicate flowers. The green hills behind the town shimmer with the reflection of the sun on hundreds of acres of glass greenhouses. Hidden among them is another treasure equally rich in colour and fragrance: "Les Collettes," Pierre Auguste Renoir's home for the last 16 years of his life.

Gone today are Gabrielle, André and the other young girls who, hired as domestic servants only on the condition that

a city rich in festivals, museums, foundations and galleries. The Promenade des Anglais is still the place to see and be seen, and the luxury hotels that line it are packed with visitors throughout the year. Although some of these hotels are new and without character, there are others in which ghosts from an earlier and more elegant age continue to reside. Not a few of these were home to Henri Matisse.

It was in the old hotels of Nice that on and off from 1915 to his death in 1954 Matisse painted many of the calm interiors and serene nudes for which he became so well known. Moving from one place to another, living out of a suitcase, Matisse delighted in the flat, decorative backgrounds of his lavish hotel interiors. "I stayed in the Hotel de la Mediterranée for four years for the pleasure of painting nudes in an old rooco salon," he wrote. "Do you remember the way the light came through the shutters? It came from below like footlights. Everything was fake, absurd, terrific, delicious."

One hotel especially stands out in the story of Matisse's life - the Hotel Regina. Here, high above Nice in the wing of a former palace built for Queen Victoria, Matisse created for himself a paradise of the type he loved to portray in his paintings. He filled one enormous room with more than 300 exotic birds. Another overflowed with tropical vegetation. Yet a third was devoted exclusively to drawing. Surrounded by favourite models, masks, statues, paintings and pigeons that flew freely from room to room, Matisse - an invalid for almost two decades - drew lying on his bed, using a 6 ft-long bamboo pencil to work on the surrounding walls.

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Gone today are Gabrielle, André and the other young girls who, hired as domestic servants only on the condition that



Renoir and Matisse may be gone, but the type of women they loved to paint still grace the French Riviera

their skin "took the light", served as Renoir's models. What remains in the gardens of Les Collettes is the spirit of simplicity and beauty that belonged to the painter.

Here among mimosa, cypresses, palms and a grove of some of the oldest and most magnificent olive trees in Europe, Renoir was wheeled to a glass-sided studio every day. Crippled by arthritis by 1922, he was a thin, bird-like man with a long white beard and deformed hands. Unable to walk, or even hold his brushes, he had them strapped to him, a process he called "putting on my thumb."

Yet none of this affected his spirit. It seemed that the older and more frail he became, the more joyous and vital was his painting. His surroundings, as much as his youthful models, were the source of much of his energy and inspiration. Of Les Collettes, Jean Renoir, son of Pierre Auguste and a notable film-maker, wrote: "The shadow cast by the olive trees is often marvellous. It is in constant motion, luminous, full of gaiety. If you let yourself go you get the feeling that Renoir is still there and that you are suddenly going to hear him humming as he studies his canvas. He is part of the landscape."

If the variety of artists painting along the Mediterranean coast this century has been enormous, the physical distances separating them has been tiny. As with mem-

bers of most professions, the painters of the Riviera enjoyed each other's company. Cezanne was from time to time visited by Renoir; Renoir occasionally opened his door to Matisse, who in turn liked to visit Pierre Bonnard - one of the greatest masters of light and colour in this age - in his villa in Le Cannet. Matisse, too, had a celebrated visitor who now and then dropped in: Pablo Picasso, who spent most of his last three decades in the vicinity of Cap d'Antibes and Cannes.

After a traumatic decade dominated by the Spanish conflict and world war, Picasso refound the joys of peacetime life when he moved to the old walled town of Antibes in 1948. Impatient to start painting, he didn't allow the post-war shortage of oils, brushes and canvases to delay him for a moment. He simply went down to the harbour and laid in a supply of boat paint, marine plywood and house painter's brushes.

For all that, the results were no less impressive: the fauns, satyrs, fishing barques, sailors, urchin eaters and other inhabitants of the Mediterranean world that Picasso created expressed his deep joy in a world that had returned to sanity. One of his most appreciated paintings - that of a woman dancing with happiness on a sandy beach - is simply called *La*

*Jolie de Vieux*. Few works Picasso painted after this period reflect the same optimism and delight in life.

Of all the places evoking an image of the Côte d'Azur as a sun-drenched paradise, St Tropez is the most famous. The cult of sea, sun, timeless bathing and jet-set leisure was to a large extent born here. While the anarchist painter Paul Signac wouldn't like to admit it, it is a scene he played a large part in creating.

A utopian who dreamed of social harmony through a return to nature, Signac discovered the tiny fishing village of St Tropez in 1892 while sailing. Already the major theorist of the neo-impressionist technique of pointillism - the creation of an image through the methodical laying down of tiny dots of primary, unblended colour - Signac settled in St Tropez, gathering around him other painters.

Painting nearby landscapes, seascapes and the harbour at St Tropez, they created brilliant, light-filled canvases that are among the most pleasing of all tableaux inspired by the Riviera. In portraying it as a paradise where man and nature come together in perfect harmony, they also laid the foundation for the St Tropez myth and the tourist onslaught that inevitably followed.

The tourists, however, have not killed off art on the Côte d'Azur - some of them are here for just that. While many of the

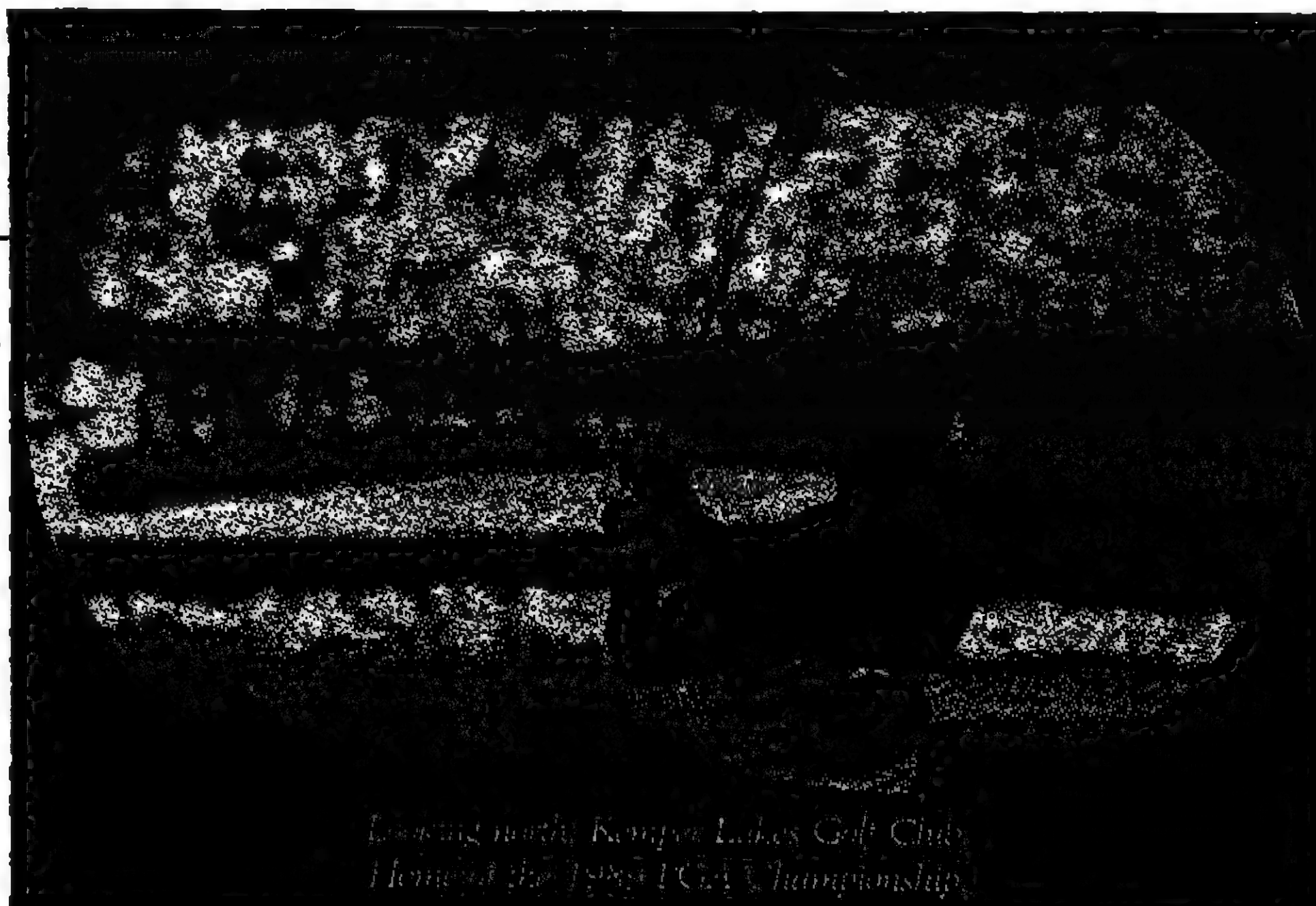
paintings sold on the quaysides and squares of Riviera towns are mediocre products turned out by the score, genuine art and artists abound. Museums large and small, containing many fine examples of the works of the painters of the Riviera, are scattered up and down the coast.

Professional and amateur painters, too, continue to paint living motifs imbued here with so many years of tradition - they set up easels among the olive trees at Les Collettes, in the flower market at Nice, or in front of the colourful fishing boats in the ports. But to see the beauty seen by the painters of the Mediterranean, you don't have to be an artist or even visit a museum. Just look around. Making art of almost everything it touches, the southern light of the Riviera does the rest.

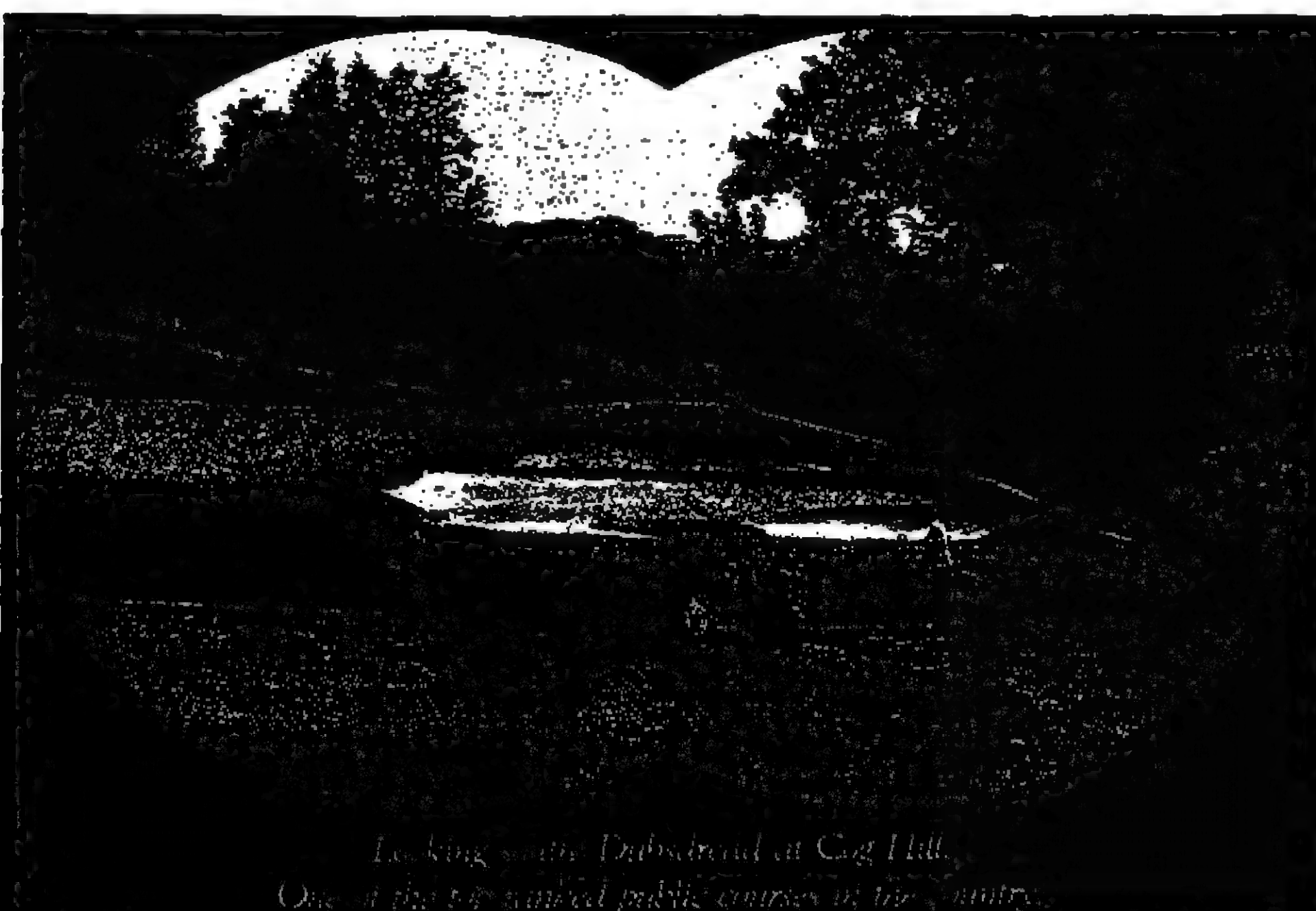
Nicholas Woodsworth travelled with British Airways and stayed at the five-star Grand Hotel in St Jean-Cap Ferrat, where rooms begin at around FFY 2,000 (2000) a night.

The number of quality museums and galleries along the Côte d'Azur grows yearly. Here are just a few well worth the visit: Musée Matisse, Avenue des Arènes, Nice; Musée Chagall, Avenue du Docteur Morel, Nice; Fondation Mauguin, St Paul de Vence; Les Collettes, Route de la Gaude, Cannes-sur-Mer; Musée Picasso, La Vieille Ville, Antibes; Musée de l'Annonciade, Le Vieux Port St Tropez.

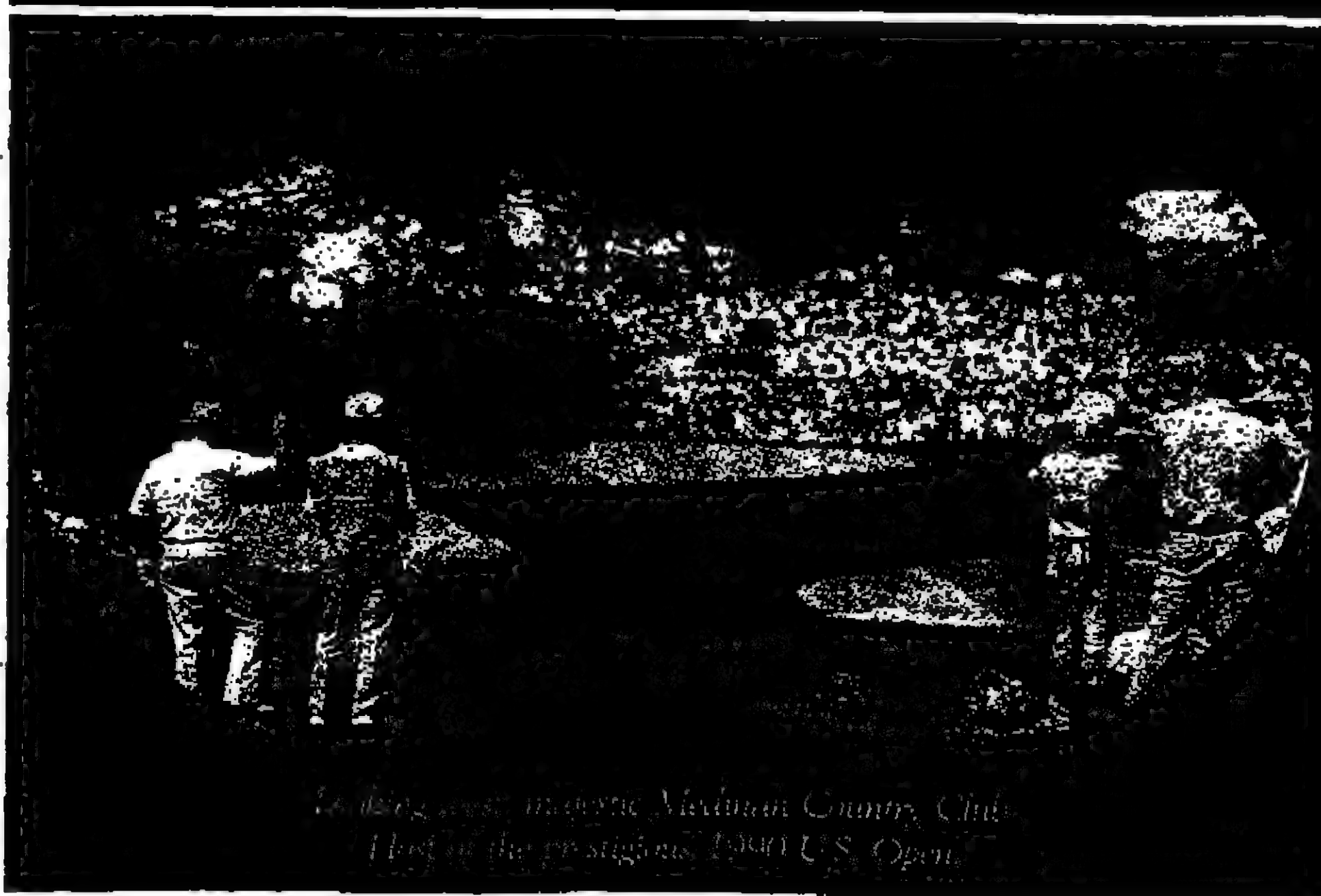
## WHEN VISITING CHICAGO, KEEP IN MIND THE WORLD'S TALLEST BUILDING HAS SOME SPECTACULAR VIEWS.



Looking north, Kemper Lakes Golf Club. Home of the 1990 PGA Championship.



Looking south, DuSable Golf Club. One of the top ranked public courses in the country.



Looking west, in the Madison Country Club. Host of the prestigious 1990 U.S. Open.



Looking east, Winnetka Golf Course. Adjacent to America's largest water hazard (Lake Michigan).

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Actually, many of them are golf carts.

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And when you're through putting around in Chicago, you will be delighted to know the rest of Illinois is also full of fabulous fairways.

For example, the resorts at Eagle Ridge (in picturesque Galena) and Eagle Creek (on the scenic shores of Lake Shelbyville) both sport highly rated, championship public courses. And a visit to Springfield, our historic State capital, certainly wouldn't be complete without playing a few rounds at The Rail, an annual stop for the LPGA.

For more information, and a complimentary guide to Illinois' top public golf courses, call American Express Europe Limited in London at (01) 499-4436.

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Gloucester is not a Regency town. It cannot compete with Cheltenham as far as spa town diversions go (if, indeed, many



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## MOTORING

## An assured welcome

Stuart Marshall on the Peugeot 605's bloodline

THE PEUGEOT 605 would have gone on sale in Britain some weeks ago but for a prolonged strike in its French factory last year. Now it will not arrive before early September.

It is sure of a warm welcome. In the main, potential buyers (or company car users who can pick and choose) will be those wanting to replace an old Peugeot 505. The 605 would also be a logical choice for people now driving the smaller 405 who would like a bigger but essentially similar car next time.

Recently, I sampled some pre-production right-hand drive 605s. They were a brace of 2-litres, one a 5-speed manual, the other a 4-speed automatic, and a high performing, four valves per cylinder V6 3-litre with manual gearbox. Clearly, the 605 is of the same blood line as the 405. At a glance, you could mistake one for the other. Most of its mechanical components, barring the suspension, are shared

with the Citroën XM, but the big Peugeot feels quite different.

The European Car of the Year Award-winning Citroën XM is much less idiosyncratic than the CX it replaced but is not so comfortably conventional as the 605.

I say comfortably, because the 605 has obviously been designed to seduce buyers or users out of their BMW 5-series, Mercedes 200-300, Ford Granada, Rover 800 and Volvo 760. The XM has many virtues, but conventional is not among them. Business drivers who have had any of the cars I have just listed would settle happily into a 605. The XM, I reckon, is for those who set higher store on a touch of individuality.

Like all Peugeots, the new 605 combines a wonderfully shock-absorbent ride with safe, predictable handling. The 2-litre, 4-cylinder cars are more than adequate performers. All have fuel injection, catalytic converters, power steering, remotely controlled central

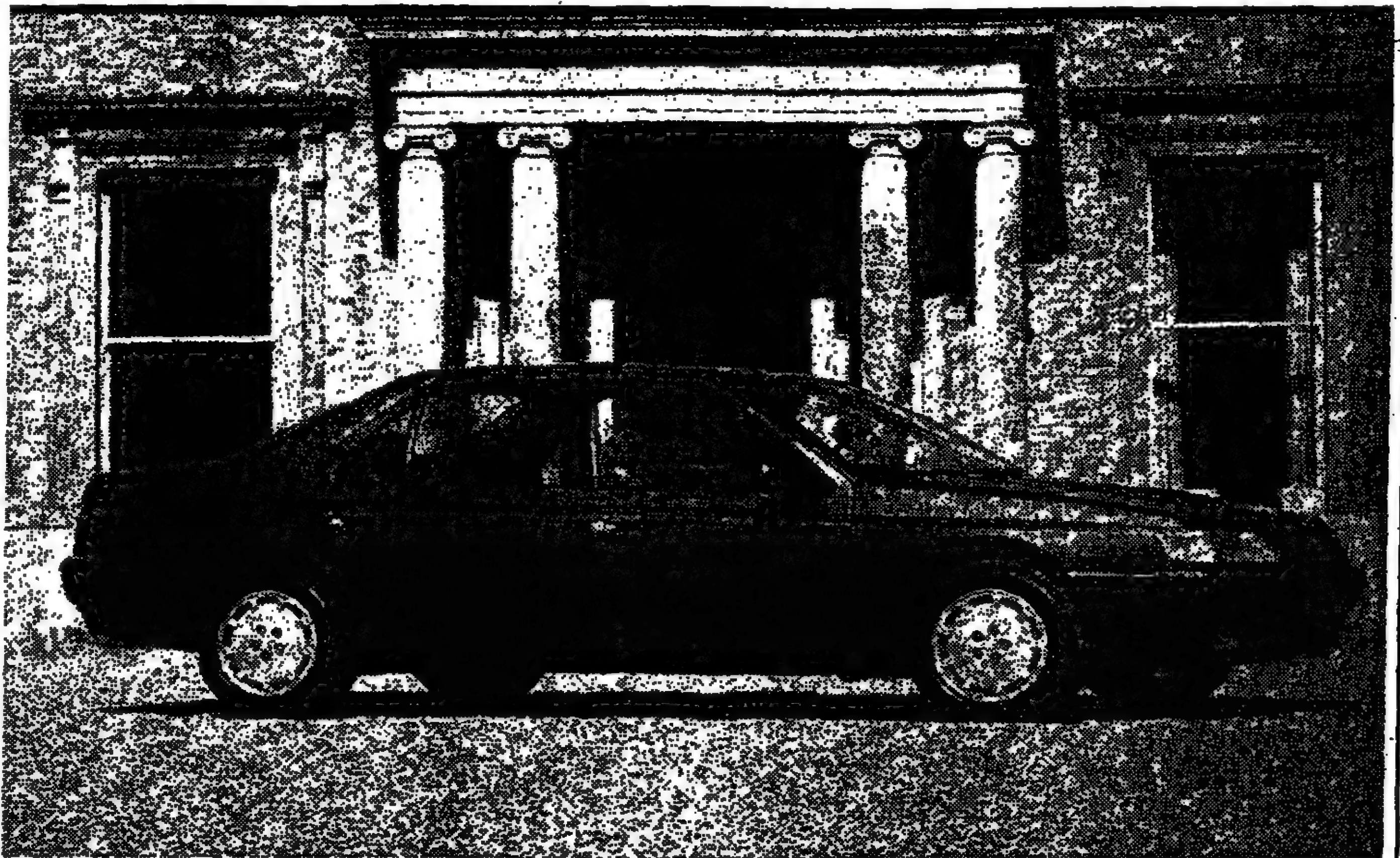
locking, adjustable steering wheels and electric sunroofs as standard.

As the price goes up, the better the interior becomes — the top 2-litre SVI model has power-adjustable seats and wood trim on console and fascia. They are just what many middle-range managers want — or so Peugeot UK, with an eye on the fleet market, reckons.

The top SVI trim level is carried over to the V6 engine cars. These are much better properties, particularly the 200-horsepower 605 SVE24, which is a car to be compared, say, with the Alfa 164 V6.

A drive in a 605 SVE24 with manual gears showed it to be flexible as well as potent. It was easy to drive in heavy traffic because it pulled powerfully in top from 30 mph (50 km/h). Most UK buyers will go for automatic transmission, which will make it still more civilised.

Prices will be announced nearer the UK launch but a £15,000 to £25,000 range is forecast.



Peugeot's 605: unadventurous, but the ride is wonderfully smooth.

## An optical view of mirrors

WHILE exterior mirrors are essential, car stylists hate them. They look like the appendages they are and create both aerodynamic drag and wind roar.

Motorists have no choice to love them, either. One of the most common minor accidents is to touch off-side mirrors with a car coming the other way on a narrow road. There is a bang, both glasses shatter, and the combined repair bill can be more than £100.

An interesting project being developed by a British company, de Montfort Management (tel: 0543-250-666), replaces the pair of projecting mirrors with glass elements mounted on the forward edge of the doors and roughly parallel with the car's centre line.

Clever optics give the driver a view of overtaking traffic in small windows inside the car, positioned at either end of the fascia.

S.M.



## Ford takes no chances

ONCE BITTEN, twice shy. Ford is taking absolutely no chances of putting customers off its new Escort by making it look too avant-garde, as happened with the aerodynamic, jelly-mould-shaped Sierra in the early 1980s.

The first official photographs of the 1991 Escort hatchback and Orion saloon, due for launch in September, show it to be bland almost to the point of anonymity. It has similar styling to the US Ford Escort which made

its debut at Detroit Show last January, though by all accounts is different underneath.

A test fleet of 350 Escorts and Orions is now in the hands of high-mileage motorists of all kinds in six European countries. They include business and private owners as well as public authorities. Ford, which adopted a similar tactic with the new Fiesta two years ago, says it is keeping a close watch on their reliability, economy and all aspects of quality.

## It could be the time to think small...

Why business car drivers may be taken down a peg or two

WE MAY have to get used to smaller-engined business cars in future. At the moment, the norm seems to be 2 litres and over at director level, from 1.8 to 2 litres for middle to senior managers and under (in many firms, well under) 2 litres for the troops.

Large cars with big engines put more carbon dioxide into the atmosphere than smaller, less powerful ones. Output of this gas, once thought to be harmless but now perceived as the villain of the global warming piece, is proportional to the quantity of fuel burned.

Catalytic converters, which get rid of nearly all the poisons in exhaust emissions, slightly worsen an engine's fuel efficiency and thus increase the amount of carbon dioxide it puts out. As an earnest of good intent by a Government wanting to be seen to be Green, taxation on large-engined cars could rise sharply in the next Budget. Many in the motor industry thought it would last time.

At the moment, the important cylinder capacity tax break for executive class company cars is 2 litres. If Labour should be returned to power in two years time, a financial clamp down on

larger company cars is a certainty.

Already there are signs of a coming purge against illegally high speeds on motorways — and I don't mean the 80-85 mph (130-140 km/h) at which a high proportion of business motorists drive.

If no obvious danger is involved,

*'Driving a small-engined version of an executive car need not be a penance'*

police usually turn a blind eye. The Association of Chief Police Officers has officially advocated raising the limit to 80 mph. But the Government, fearing a backlash from every kind of environmental organisation, has ignored its plea.

Apart from breaking the law, driving a car at 100 mph (161 km/h) and more burns more petrol — and puts more carbon dioxide into the atmosphere — than driving one at the legal 70 mph or winked-at 80 mph.

A number of three-figure motorway

speedsters have already discovered that some police forces are using highly sophisticated electronic meters. If they catch you doing 100mph-plus, the fine can be heavy. Much worse is the short-term disqualification magistrates frequently impose. As environmental awareness increases, driving at seriously illegal speeds could become as socially unacceptable as drink-driving.

Driving a small-engined version of some of today's most tough-after executive cars need not be a penance. Take the BMW 518i for example. The 6-Series BMW was introduced with 6-cylinder engines of between 2 and 3.5 litres.

Before trying a 518i I had made up my mind it would probably be a gutless wonder that had to be rowed along with the gear lever. Not a bit of it. True, it lacks the top-gear flexibility of the larger in-line sizes but the 1.8 litre, 115-horsepower 4-cylinder engine was as sweet as nut.

Obviously, one has to make reasonable use of the 5-speed gearbox (there is no automatic option) to ensure good progress and it does not exactly leap away from a standstill. But on the motorway it was as quiet and refined as a six at business drivers' speeds.

Take the identifying number of the boot lid and I doubt that many would know the difference between the £16,450 518i and the £21,575 520i — and it has the same equipment level.

I have not yet tried it, but I don't doubt that the newly introduced Mercedes 190E 1.8 will be just as satisfactory. Although it has the smallest engine used by Mercedes since the old 190 went out of production in 1983, its performance and economy should be better than that of the 190 with a carburetted 2-litre. It is available with manual or automatic transmission from £15,190.

Alfa Romeo, too, has introduced a new, manual-gearbox-only version of the 164 with a 2-litre, 4-cylinder instead of a 3-litre V6 engine and costing from £15,500 upwards. If anything, it is even nicer to drive than the V6.

Perhaps Saab, whose 9000 is the same size as the Alfa 164, has been right all along. For many years it has used nothing but 2-litre, 4-cylinder engines and even its new 2.3 litre is a 4-cylinder, with twin balancer shafts to ensure ultra-smooth running.

S.M.

0-60 in 6.5 seconds. Fast becoming Britain's most talked about sports coupé.



Unleashed last year, the beautifully sleek 200SX captured the attention and imagination of enthusiasts and critics alike.

"Brilliant... Ferrari looks, Porsche pace..." (Autocar & Motor April '89)

One year on, it remains "...king of the coupés..." (What Car? April '90)

Its multi-valve, 1.8 litre engine, flashes you from 0-60 in an awe-inspiring 6.5 seconds, and on to a top speed of 140 mph.

"When the turbo is on full boost, the car rockets towards the horizon..." (Auto Express July '89)

But breathtaking performance is not all

this celebrated sports coupé has to offer.

"The rear-driven Nissan... handles its power brilliantly. The multi-link rear suspension provides outstanding traction... and allows the 3X to make tremendous progress in wet or slippery conditions..." (Autocar & Motor Feb '90)

And electronic anti-lock brakes (ABS) provide

the confidence and reassurance of ultimate control.

"...the 200SX has the poise and security of high performance coupés costing twice as much" (Financial Times Jan '90)

With air conditioning as an optional extra, and a luxury interior befitting the Sports Coupé of the Year, it's no wonder the experts are unanimous.

"The Nissan's blend of performance, handling and ride, refinement, overall quality and styling, is just about unbeatable..." (Autocar & Motor Feb '90)

When it comes to producing a sports coupé that has everybody talking — Nissan know how.

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## BOOKS

# Round-up in Greenland

Anthony Curtis reckons that this author is on to a good thing

**G**RAHAM GREENE is nothing if not methodical. Having some time ago satisfactorily settled the question of his biography, by appointing Norman Sherry to write it — volume one appeared last year — he is now turning his attention to those of his pieces which have never appeared in book form before. *The Last Word* contains short stories (all with one exception) previously uncollected. Sometime next year we shall have a volume, *Reflexions*, consisting of a round-up of hitherto uncollected articles and essays.

Indeed, Greene seems determined that there shall be nothing in the form of *indefinites* for others to mop up and publish after he is dead. Last year we also had *Yours Etc. Letters to the Press*.

**THE LAST WORD AND OTHER STORIES**

by Graham Greene

Reinhardt Books £11.95, 150 pages

1945-1989 and a rather expensive rarity. *Why The Epigraph?* at £30 from the revived Nonesuch Press. Epigraphs are the quotations from other writers that Greene places at the front of his books. That extremely slim volume reprinted all of these, from sources as diverse as Balzac, Hardy, Newman, C.M. Yonge, Kierkegaard, Kinglake, Oliver Wendell Holmes, Walt Disney, and R.V. Warder (in a pamphlet on leprosy), with Greene's brief explanations as to why they had been chosen. In one or two cases he could not quite remember.

Where to make an end? There seems still to be scope for more volumes of this kind. It is well known, for example, that Greene keeps a dream diary. He switches on the light after he has had a dream and notes down as much of it as he can remember. Other people's dreams are usually rather tedious to hear about, but *Across the Borderland: The Collected Dreams of Graham Greene* could prove to be an exception. Yet another possibility might be *Recommended: The Collected Puffs*. Mindful of his own youthful struggle to get his books widely read, Greene has been consistently generous to the many young authors who send him their novels as the proof stage, often providing an encouraging comment which can then be printed on a band and wrapped around the jacket. Thus, Piers Paul Read's first novel *Monk Dawson* elicited: "A remarkable novel. Witty, even cynical, observation leads to a conclusion profoundly moving." In recent years the incidence of these puffs seems to have increased. A volume on strictly chrono-

logical lines would show interestingly which of Greene's geese ultimately became swans.

*The Last Word* is not arranged on chronological lines even though its contents range from a story published in *Oxford Outlook* in 1923 to three in *The Independent* in the late 1980s and one that has never been published anywhere before. You can discover this from a note at the start, but it would not have done any harm to have put the first publication date in square brackets at the end of each story because it frequently has a bearing on the contents. Two stories, for instance, "The News in English" and "The Lieutenant Died Last," first appeared during the war, and treat such threats then to our security as Lord Haw-Haw's radio broadcasts and a possible German invasion in a whimsical manner which, at this distance of time, can be enjoyed for its own sake. Another two stories published recently, the title story and "An Old Man's Memory," take us into the near future, and both centre upon an event of that Greene imagines occurring then. In the first the Pope, the last surviving Christian, is about to be executed. In the other, a terrorist bomb explodes in the by now fully operational Channel Tunnel, causing carnage and utter chaos. Both are short, frightening tales, the latter especially so as it seems much more likely to happen in reality.

The new story, "A Branch of the Service," is a double send-up of restaurant guides and intelligence work which falls rather flat but some of the other recent ones like "The Moment of Truth," about the waiting dying of cancer and the two American tourists, read more poignantly than they did in their pristine newspaper format. "The Lottery Ticket" is almost a self-parody of Greene's Mexican manner, and "Murder For the Wrong Reason" a conscious parody of near-parody of Conan Doyle: "A band of yellow light from a street lamp fell between them, and the band was constantly speckled and its appearance altered by the invisible gusts of rain..." Apparently Greene wanted at one time to write a straight full-length detective story.

In the introduction to his *Collected Stories* in 1972 Greene described them as "escapes from the novelist's world." That would seem to apply here, too, but the volume also reminds us that Greene the lover of practical jokes, the winner of *New Statesman* competitions — Greene the Jester — is always being made to stand down in favour of the other Greene, the Apologist, who tells us that in the longer term escape is not an option for any of us.



## Either side of the green baize door

**T**WENTY-FIVE years ago Margaret Forster was meticulously savaged by Angus Wilson in the *BBC TV* biographical series after she had been chosen to write the book programme that Jane Austen was less than perfect because she never mentioned the servants. It all came back to me as I read *Lady's Maid* which, though not justifying her stance on Jane Austen, is a decent, workmanlike piece of imaginative reconstruction of the physical and emotional circumstances on the other side of the green baize door in 50 Wimpole Street.

Elizabeth Wilson was Elizabeth Barrett Browning's maid, who helped to effect the famous literary elopement and thereafter stayed with the Brownings until Elizabeth's death. This is a spin-off from Forster's well-received biography of the poet and, though constrained by the few facts that are known about the heroine, it succeeds admirably in presenting the other side of what Forster obviously regards

**LADY'S MAID**

by Margaret Forster

Chatto & Windus £11.95, 336 pages

**THE LIGHT YEARS**

by Elizabeth Jane Howard

Macmillan £12.95, 418 pages

as a somewhat dubious coin. Barrett's inviolable status as a powerful, controlling weapon; her attempts to "improve" Wilson are not a thousand miles away from the appalling Gergers in *The Wild Duck*. Forster's treatment of Barrett's vagaries implies a well-justified criticism of ill-considered progressive thinking: the poet misses the present's consciousness but fails to follow through or acknowledge the consequences.

Wilson's battles are with a fate from which no amount of education and condescending affection can free her: she loves her mistress, whose

whim of iron makes no allowances for the servant's own life as a wife and mother. It is accomplished, beautifully written in a style which falls at the acceptable end of poeticism, and is packed with discreet domestic detail.

We seem to be in a period of expensive detail: here is Elizabeth Jane Howard, whose modestly perceptive novels I have long admired, coming up with the first part of a huge family saga which, if I guess rightly, will increasingly focus on the development of the female

characters. *The Light Years* starts in 1937: and if you want to know exactly what the middle classes wore, ate, sat on, slept in, listened to, what slang they used, where they dined and what they used for contraception, the Cazalet family is your guide. That apart, there are some good currents getting under way: Edward looks like bad news; his wife Villy is going to be interesting; Sybil and Hugh are too considerate; Rupert has made a big mistake with ally second wife Zoe; and the children are sensi-

tive and loquacious.

It is all deeply middle-class, minutely pinpointed, dated (presumably deliberately). But do not underestimate this author: it all bodes well. And it will be interesting to see whether the style will adjust to changing attitudes as the themes of awakening feminine self-knowledge and assertiveness develop in future volumes. Meanwhile, as *The Light Years* and the lights are about to go out all over Europe.

Mary Hope

## Man with a mission

**T**HE assumption of this book is that there are two different religious traditions in the West: the dominant and traditional one called "fall/redemption theology" and a lesser-known one called, in Fox's words, "creation-centred spirituality." *Original Blessing* consists largely of an outline of the four "paths" which make up this creation-centred spirituality, and 26 themes which fall under these paths. Each path and theme is briefly described, and illustrated by quotations from thinkers of the past and present. These sections of the book are deliberately curtailed to leave the reader plenty of scope for reflection; they are valuable for that, and for introducing readers to material which may be unfamiliar; many of Fox's other publications have the same purpose.

So far, so good. But *Original Blessing* does not merely present food for contemplation: the book is informed by an underlying militant purpose. Fox — who is visiting Britain this month — is known as a prophet of creation-centred spirituality, and he roundly condemns the other, dominant model. It is not surprising that, despite being a Dominican priest, he has incurred the official displeasure of the Church.

Creation-centred spirituality is claimed to respond to people's current needs far more effectively than the fall/redemption model. The evidence is familiar: Western culture is in scientific, ecological and spiritual crisis, and a "paradigm shift" is taking place. Creation-centred spirituality, it is declared, responds to the upcoming paradigm.

In describing both his allies and his enemies, Fox does not mince words. Fall/redemption theology is accused of responsibility for all the ills and sicknesses of today, on a global

and individual scale. Though it is never fully spelled out, the underlying problem with the enemy is evidently patriarchy, as opposed to the softer virtues of eroticism and ecstasy, environmentalism and holism.

Above all, Fox is passionate, and will convince many because of his passion. But what are we to make of his blanket condemnation of those of whom he disapproves? It is difficult to find traces of the injunction to love one's enemies in this book.

Do we begin to see a paradox? If Fox's camp embraces holism, why is the book so divisive? And by a perfectly natural use of the words, Fox can be understood to say that fall/redemption theology has put us into a fallen state, from which we can be redeemed by creation-centred spirituality. But the fall/redemption model is the model he is fighting against. This is not a gift point: Fox is too dualistic himself, too ready to see enemies and not to reach or teach some kind of middle way. We meet, for instance, the cliché of praising right-brain activities and condemning left-brain activities; but these are not different levels of activity, so that one can say one is better than the other, they are merely different. What about a higher synthesis? What about not denigrating any of our God-given faculties? How can one half of Western religion have a monopoly on celebrating the whole? The whole lies elsewhere, and I doubt that Matthew Fox will find it where he is looking. In the meantime he is in danger of misleading a large number of people, because passion and conviction are easy to follow.

Fox is creating, or at least perpetuating, division in order to reinforce his message. This is a familiar tactic but never a justifiable one: it has often been a favourite ploy of demagogues and gurus. You will either love this book or love it. When Fox tours Britain this summer, the same divided reaction is likely to attend the man himself. One can perhaps respect the fact that he is no armchair theoretician: he gets stuck in; he is a man with a mission. But he suffers from the illusion that what works for him (and for many others) must be a universal truth.

Robin Waterfield

**ORIGINAL BLESSING**

by Matthew Fox

Bea & Co. (Austrian by Element Books) £2.95, 348 pages

whom he disapproves? It is difficult to find traces of the injunction to love one's enemies in this book.

## Tuned in to buildings

**A** NEW book by an old master is an event. Sir John Summerson wears with honour the title of the doyen of architectural writers and historians on whom he has had an enormous but discreet influence. This new volume of 16 essays, all but one of them published before as lectures or in periodicals, will join *Heavenly Mansions* as a classic of architectural literature.

The essay is a form that suits Sir John's particularly lucid and penetrating style. He does not have to say a great deal to make his point. When, for instance, he combines the word "suave" with "Georgian mansions," we suddenly see those houses in a new way; the connotation suggests a moral as well as an architectural judgment.

The essay which gives this collection its title was first published in 1940 and is an account of Ribblesdale in Derbyshire where he spent part of his schooldays. These he describes as "among the most luminous and liberating of my life." And what the appetite for a full length autobiography which is rumoured to be in preparation. John Piper's photographs and Summerson's text reveal the essence of a late 19th century businessman's fantasy, a product of, as Summerson puts it, "the haunted, cluttered mind of a man who had seen the Alps, visited the cathedrals, the castles, the chateaux and absorbed some of the vanity of their builders."

The 15 essays are arranged chronologically by subject. The article on John Thorpe, the Elizabethan architect, is inspired by the volume of drawings that has been in the Sir John Soane Museum since 1810. Summerson does a little delicate detective work and informs that Thorpe was one of the first English architects to discover Palladio. The carefully selected illustrations are as long as the text. They illuminate the difference between Thorpe, who saw Pal-

ladio in two dimensions and Inigo Jones, who was to see him in three.

Jones's work in Covent Garden and at St Paul's is examined to prove that he was "the first Neo-classical architect." I found this essay slightly romantic in its view of Jones. It is easy for us today (or Summerson in 1964) to say that Jones, on the brink of the Baroque age, saw through it to the other side. Perhaps he did, but Summerson gives Jones almost mystic gifts, almost too bright a halo.

A tendency to be slightly but so politically outrageous colours

**THE UNROMANTIC CASTLE AND OTHER ESSAYS**

by John Summerson

Thames & Hudson £24, 288 pages

some of the essays. In lectures Sir John's mandarin intonation allows for a level of irony that is harder to achieve on the printed page. For example, Christopher Wren was small of stature but was this the psychological key to his drive and determination to complete impossible enterprises? Does it not seem a little too Freudian to suggest that building the dome of St Paul's "solved the psychological problem of a man whose physical endowments were conspicuously below average?"

I would like Summerson to write even more about the complex psychology of Sir John Soane. After all, he lived with him and his papers as curator of the Soane Museum for nearly 40 years. The two Soane essays deal with that architect's morbid fascination with the furniture of death and an intriguing account of the design of the Stock Office of the Bank of England. Sources as apparently remote as the monk's choir of the Church of the Holy Sepulchre in Jerusalem are quoted as the possible bases for Soane's halls and his rotunda for the Bank. Almost

half a lifetime living with Soane gives us remarkable insights into the mind of this haunted genius.

The one previously unpublished work is an account of the social and technological forces that shaped the Victorian building world. It has a special value because the study of the materials and the men that used them is written by a scholar with an architectural understanding. It does more to explain "why" Victorian buildings happened the way they did than any account of styles and architectural fashions. Three other essays approach the Victorian period in a more conventional way, but they too are illuminated by the originality and appropriateness of the pioneering approach that unites architecture and building.

Careful and informed analysis of just one good building can teach the reader a great deal about architecture. To read the two pieces republished here on the School of Art in Glasgow by Charles Rennie Mackintosh and the unbuilt Liverpool Cathedral by Sir Edwin Lutyens is to acquire real enlightenment. Summerson has that rare gift of evocation by words of a complex three dimensional architectural creation or idea.

In the very last section of the book Summerson boldly decides to republish an essay written in 1957 which proposes a "theory" of modern architecture. It is a curious thing to read today, and a revealing one. Summerson engagingly remarks that the essay marks the moment when the thought of his generation lost touch with the real world. How clearly the arguments are stated about the need to recognise the difference between design and those which allow design to be a form of human expression. This is a book to provide both pleasure and provocation.

Colin Amery

## Keen eye, sharp tongue

**T**HE TRIALS of youth, we are often reminded, have usually a very definite, sometimes a highly deleterious effect upon the shaping of an adult personality, but that this need not always be true is shown, for example, in the present revealing collection of early-19th century letters written by a shrewd and sensitive young woman to the elder sister she adored and regarded as her "Second Self."

Harriet Cavendish, afterwards Lady Granville, was reared for an exalted social position, but at the same time had inherited private problems of a peculiarly disturbing type. She belonged to a self-willed, somewhat reckless family; and Devonshire House, their magnificent London stronghold, accommodated not only her taciturn father, the fifth Duke of Devonshire, and Georgiana, her famous and beautiful mother, but the duke's mistress, Elizabeth Foster and the illegitimate children she had already borne him, whose presence was cheerfully accepted by his earlier brood.

Harriet and her sister, on the other hand, both detested the pretensions and affected "Lady Liz" and, when their mother died and the mistress stepped into Georgiana's place, she herself began to think of marriage. The alliance she decided on was unexpected. Lord Granville Leveson Gower, a 36-year-old dandy, gambler and elegant man of the world, had long been "loved almost to idolatry" by her own aunt, the middle-aged Lady Bessborough; he was assumed, indeed, to be the father of Harriet's two cousins, Harriette and George Stewart; and they themselves were an accepted part of the crowded Cavendish domestic scene.

At this point a modern moralist might have expected to see Harriet's gathering. Yet none appeared. Granville, of whom his associates said that he could "make a desert smile," proved an admirable husband with whom she soon fell passionately in love. Besides enjoying his company, she appreciated his romantic good looks, which included brilliant blue eyes in which Lady Bessborough declared she had "looked her life away." Until the end of their long marriage Harriet Granville remained his devoted admirer and aide. She had always a warm heart and remembered the well-known diarist Charles Greville, "strong feelings, enthusiasm, delicacy, refinement, good taste . . . and a bonhomie which extends to all around her."

Clearly her youthful troubles had never warped her disposition; and the letters she addressed most often to her cherished sister, but also at times to her amiably eccentric brother, Lord Hartington, or her one-time governess, the learned and pious Miss Selina Trimmer, reflect the excellent qualities that Charles Greville

**A SECOND SELF: THE LETTERS OF HARRIET GRANVILLE, 1810-1845**

edited by Virginia Surtees

Michael Russell £14.95, 320 pages

noted. Yet, despite her numerous virtues, Harriet Granville had a keen eye and a sharp tongue, which she exercised first on the fashionable London society where she had received her early education, then, after 1824, when her husband was appointed British ambassador in Paris, on the European and diplomatic world. With this promising material at her command she developed into one of the most gifted women letter-writers of her day, such was her ability to find the right phrase and dash off an incisive personal portrait sketch. Whether she admired or condemned her subject, she was not easily impressed, as we see in her description of Byron, whom at the zenith of his poetic fame she had often watched in London drawing-rooms and balls, and knew through his stormy relation-

ship with her ill-fated cousin Lady Caroline Lamb. The poet could often be "agreeable," she admitted, and his countenance she considered "fine" if he were temporarily in repose. Otherwise, once his pride was hurt or his vanity aroused, he looked "suspicious, malignant, and consequently repulsive."

Her Parisian acquaintances during Granville's ambassadorship she treated with an equal frankness. Her letters bring us vivid glimpses of many prominent political figures of the age, among them the architect Talleyrand and Fouché, the ex-terrorist later royal chief of police. "In the doorway I met Talleyrand waddling out; he did not speak to me, so I only had the satisfaction of seeing his dirty, cunning face . . . after him came Fouché, a little spare, hollow, shrewd-looking man who seems to unite all parties in one common feeling — horror of his character and the policy of not betraying it."

Harriet Granville's literary gifts, however, were not necessarily confined to the famous or the infamous. She frequently displays in a brief yet sharp-edged paragraph some completely unknown guest who had happened to cross her ambassadorial threshold. A certain Miss Crofton, we are told, was "stepping about like a peashoe." That is all we know of the poor Miss Crofton. But thanks to the writer's descriptive skill, she continues to linger in the memory.

Peter Quennell

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**Nigel Andrews** finds the film 'Dick Tracy' to be brain-numbing tripe

Pardon me while I disappear into a monastery for six months. More of this I cannot with equanimity take, nor many movies like *Dick Tracy*. A bewitching utopia has stolen over those of my colleagues, on each side of the Atlantic, who are now singing its praises. (*Variety*, though its own reviewer slammed the film, recently carried a double-page spread of newspaper panegyrics). For *Dick Tracy*, I must regret-

The latter are skilfully made up to resemble the crazies from Chester Gould's famous original strip. We have Flattop, Pruneface and Mumbles (a splendid, all too brief Hoffman). And we have Al Pacino ranting away as Big Boy, with oil-slicked

But then who was naive enough to expect anything of *Dick Tracy*, except an opportunistic second-pressing of the comic-strip harvest that brought *Batman* over \$250m in box-office revenue? Watching *Dick Tracy* is like watching an all-star telethon dedicated to celebrating the decline of wit, drama and literacy in the Western World. Is there any consolation? Yes. There is a good Roger Rabbit cartoon as curtain-raiser. Get to the cinema early.



The difficulty and mystery for the scholar, or the literal-minded, is that all this may be done without words, even without conscious thought. That is not to say that intellect and judgement are not engaged.



will always mean, achieve, be, rather more than he knows. So it is with an exhibition chosen by an artist, even an artist such as Pasmore who might be expected to supply a theory to explain it all. He has picked out a fine clutch of masterpieces, that on fresh walls in fresh company sing out wonderfully well together. Titian's late "Diana and Acteon" draws

On the main room's largest wall hang three of the greatest monuments to the classical composition of the figure, set in the natural space of pictorial perspective: Saurat's "Bathers at Asnières" to the left, Uccello's "Battle of San Romano" to the right, and in the middle, the "Baptism of Christ" by Piero della Francesca. To see them thus together for the first time is to experience the shock of inevitability, as though to say they were always and must be so.

The West has now come to recognise Asylmuratova as the Kirov's true prima. At 28, she is both transportingly delicate and grand; she has modest authority, piercing beauty and intense dramatic absorption in her roles. The *Sleeping Beauty* became more real just because of her sheer Fonteyn-like good manners, as she addressed her dance vividity to her partner, her colleagues and her audience. In recent years, thanks to her example, the young women of the Kirov have become

*Alastair Macaulay on the Kirov ballet in London*

It is customary, too, to agree that the Kirov shows nonpareil understanding of the 19th-century classics. In many small and large ways, that's

true. But the way that the stories of *Swan Lake* and *The Sleeping Beauty* are told is clearly just bored and inept. Kirov also suffered here, being cut for touring—but just look at how many inauthentic passages the Kirov maintained for the sake of those cuts. Chaikovsky and Petipa intended only one dance solo for the Prince; the Kirov gives him three. The Kirov is less interested in these ballets as great choreography than as vehicles for star dancers.



Russian-Western exchange, however, holds several new developments in store. The Kirov may well now dance other Balanchine ballets; and his style may yet refresh the company's classics. And Asymurova, who has made her debut appearances in the 19th-century repertoire with the Royal Ballet over the last 14 months, comes here next season to dance Ashton and MacMillan for the first time. Russians and Russophiles think it arrogant for Westerners to presume that Russian dancers can learn about classical dancing from the West. Events, however, are proving them wrong.

### *Karl Wiley braves the elements at Knebworth '90*

The scene at Knebworth certainly reflected that. The immense crowd was a truly mixed bag. Many middle-aged adults attended, apparently to re-live a bit of their youth; they generally dressed conservatively and comfortably. Joining them were all sorts of the younger generation, wearing

What accounts for the continuing fascination with these old songs, especially at a time when so many new pop artists disappear after one hit album? John Waller, a marketing director at Polydor, which in August will release a double album of songs from Kneb- bled, says it is "very hard to pin- point." "They were good records and they still are good records. If people are given an opportunity to hear a piece of music, and if it's good and you aren't worried about it being boring to an artist over 40, it's OK and anyone can enjoy it. He also suggests that the "nostalgia" concept doesn't make sense, because it's not the homes of many adults has boosted Classic Rock sales.

Through "Hey Jude," and other songs such as "Let It Be" and "Give Peace a Chance," McCartney turned the energy of his performance outward, sharing it with the audience, as opposed to the style of current superstars Prince and

Madonna, who direct attention on themselves through flashy costumes and sexual innuendoes, even sink Floyd, whose show features a dancing array of laser light effects, uses flashy visuals to bring the audience in closer contact with the music, rather than their individual personalities.

So the rock stars of the sixties continue to thrive in the nineties, and look set to reach the turn of the century. Meanwhile, younger artists such as Madonna, Prince and UB40 struggle to get the rock music scene to accept them for more than a new identity.

'Nineties. Perhaps those three will be drawing the crowds at Knebworth in 2010.

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## 4







# Property

## Montserrat and the calm after the storm

Hurricane Hugo is the price islanders have had to pay for living in paradise. David Hoppit reports

JOSEPH FARRELL poked his nose outside Bethel Parish Church on the morning of September 18 last year and surveyed a scene of utter desolation — similar, he imagines, to the aftermath of the Hiroshima atom bomb.

Like many residents of Montserrat he had lost everything. The little chattel-house he inherited from his grandfather had disappeared, as indeed had most of those of his neighbours. Hardly a blade of grass or leaf remained.

The Caribbean's "Emerald Isle" had been scorched by Hugo, the most ferocious hurricane to hit any island this century, more cruel even than that of 1927.

Montserrat and her big brother Antigua, which was only slightly ruffled, know that every 20 or 30 years they will have to face the full fury of nature; but Hugo was different... a cataclysm.

Apart from a few loosened tiles and a muddle in the garden, the more solid homes owned by Britons and Americans were unscathed. If hitting down the hatches once every 20 years is the price for living in paradise, they are not complaining.

Within a few weeks of Hugo the resilient island was turning green again and its even more resilient people were getting back to work.

Although separated by 27 miles of blue coral sea, Montserrat and Antigua are very different in nature and appearance. Each is dependent upon tourism for survival. About 80 per cent of Antigua's gross national product comes from tourism. Both islands see a modest expansion of development as an extension of that.

There is no secret formula for successful building in the tropics. Every breath of the welcome trade winds must be channelled through the home, otherwise a stifling discomfort will follow.



However, many are the European and American inspired developments in Antigua which have ignored the tried and tested style. Some mimic the very worst of modern Iberian architecture, totally inappropriate for a Caribbean island, in style and function.

Even the beautiful and much-heralded St James's Club can be a little less. When it comes to wind of a more gentle nature, Caribbean islands cannot do without it. Those who have ignored tradition have tried to compensate with noisy air-conditioning machines, but they are not a patch on the real thing. There is something for all pockets on Antigua. Building plots can cost nearly £1m, but

at the other end of the scale I saw a charming little chattel-house with a quarter of an acre for less than £7,000.

Wherever you choose, you will not be far from a game of cricket. Find a patch of flat earth and you will see people hurling tennis balls at the speed of light towards Viv Richards-lookalikes armed with plywood bats.

Cricket is the religion of Antigua, but God does get a look in on Sundays, when countless churches of numerous denominations are packed. There is poverty and crime, but everywhere there is music and laughter. The Antiguan is a proud man, friendly but not excessively so. On Montserrat everyone waves to passers-by. On Antigua they are more reserved.

It used to be said that the best way to make a small fortune in the Caribbean was to start with a large one. Several well-intentioned developers have found the going too tough there. One that means to change all that is Andrew Halstead, whose family is preparing the ground work and beach for what is perhaps destined to become Antigua's pride and joy, The Coral Reef Club.

The site is perfect; a dramatic bluff with its own quiet beach beside Nonsuch Bay, to my eyes the best corner by far of this diverse island. The contours of the site form a perfect amphitheatre and the development of 39 large Caribbean houses will grow up the side, with the clubhouse just above the beach.

plots and allow people to build their own homes, but in a style acceptable to the concept. "We are determined to keep the houses in the Caribbean style, on the lines of the governor's house in Montserrat, with wide balconies and open style building, all with decorative ornamentation that so typifies local houses."

Plots range in price between about £70,000 and £200,000. Building costs on the island are between £40 and £50 a square foot, so the total cost of building should not exceed £150,000. Built in to the price will be a five per cent alien landholder's licence and 2½ per cent stamp duty. Annual outgoings are very low and potential for renting is good. The other good news is that there is no income tax or capital gains tax.



An artist's impression of Tamarind Tree House (above) at Isles Bay Plantation on Montserrat which gives dramatic views of the Caribbean. It is less than five minutes walk from Isles Bay Beach (left)

Antigua grows on you. Its charms are more subtle than sophisticated Barbados, and its people not so extrovert as those in Jamaica.

It is very different now from the island visited by Patrick Leigh Fermor for his book *The Traveller's Tree*, essential reading for visitors to all islands.

He stayed in Nelson's decaying rooms, approached by streets in St John's that were deserted. Now the little capital is a bustling, busy place and the rooms, dockyard and other ancient buildings are as sound as they were when the captain of HMS Boreas worked and slept there. It is the tourists who crumble, after cocktails such as Nelson's Eye and Revolver's Downfall.

Across in Montserrat everyone waves to everyone. The telephone directory could be that of County Cork — Gallo-way, Reilly, O'Donoghue. They are friendly, but nervous of the camera — "You are stealing my shoulder man". There are a few excellent restaurants, but for lunch visit Fred Murphy at Carr's Bay where, in an ancient stone oven by the beach, he cooks red snapper stuffed with garlic, spinach

and pumpkin par excellence. But beware his bird peppers and plum and guava wine.

Here pop stars from the recording studio mingle with local and tourists in the noisy market. Only the tourists recognise them. John Lennon woke up, looked out of the window on Providence Estate and declared: "I've died and gone to heaven."

It is easy to become a willing prisoner on this little pear-shaped island, with its sudden waterfalls and tree-clad mountains. Ten years ago Martin Haxby stopped there to repair his yacht on his way round the world, suffered acute appendicitis, and has now booked his plot in St Anthony's Churchyard.

Montserrat is itself quite a tax haven. Property prices have doubled in the last three years. Allow about seven per cent of the purchase price for transfer tax and legal costs. In the unlikely event of your wanting to escape there is no capital gains tax when you sell. Currently there is not much in the way of cheap property available.

The challenging golf course, where hazards include ball-stealing iguanas and laden crabs, was untroubled by Hugo. However, work stopped as the workmen tried to rebuild their lives. Prices of homes there are between \$225,000 and \$355,000.

But there are plans for a massive marina development at beautiful Little Bay, with a five-star hotel, berths for 300 boats, 750 villas and apartments, shops and restaurants. I prefer the bay as it is now, but if it goes ahead the development will double the island's income. Ah well.

It is, for the good people of Montserrat, a step into the unknown. They are innocent of the ways of the world.

They say: "Don't ask me weh uh gine, ask me weh uh went" (Don't ask me where I'm going, ask me where I've been). But they have the cunningness of their Irish ancestors to protect them... "Fool me once, shame on you; fool me twice, shame on me."

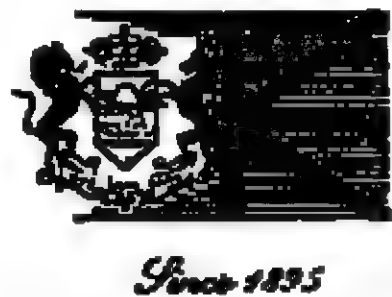
*Details of Coral Reef, on Antigua, from John D. Wood (071-493-4106); and of Isles Bay, Montserrat, from Rebecca Reed at the London office (071-493-1418).*

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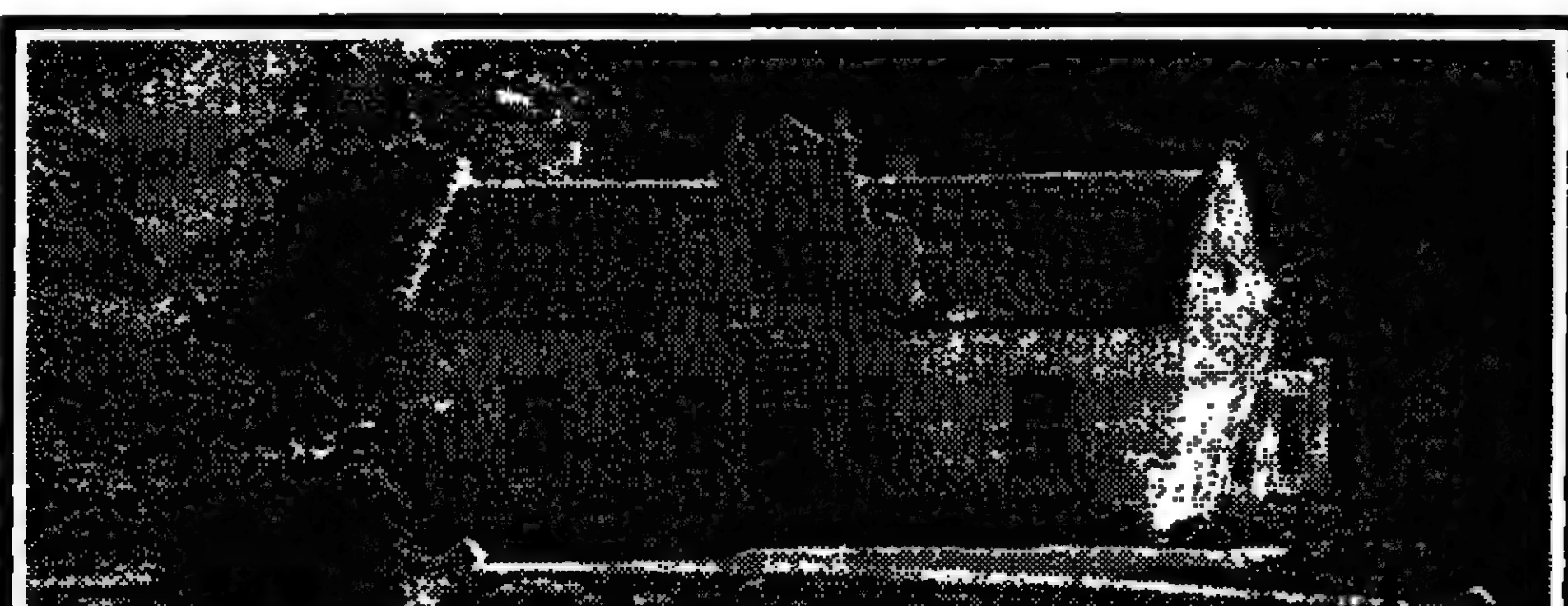
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**Oxfordshire**

Oxford 7 miles.  
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London 58 miles.

**A magnificent Grade II\*  
listed Palladian house  
in a secluded setting**

6 reception rooms, 11 principal and 6 secondary bedrooms, 3 bathrooms, 2 bedroom staff flat. Suitable for a variety of alternative uses, subject to planning consent.  
Parkland, paddocks, lakes and woodland.

Landship of the Manor of Blechington.

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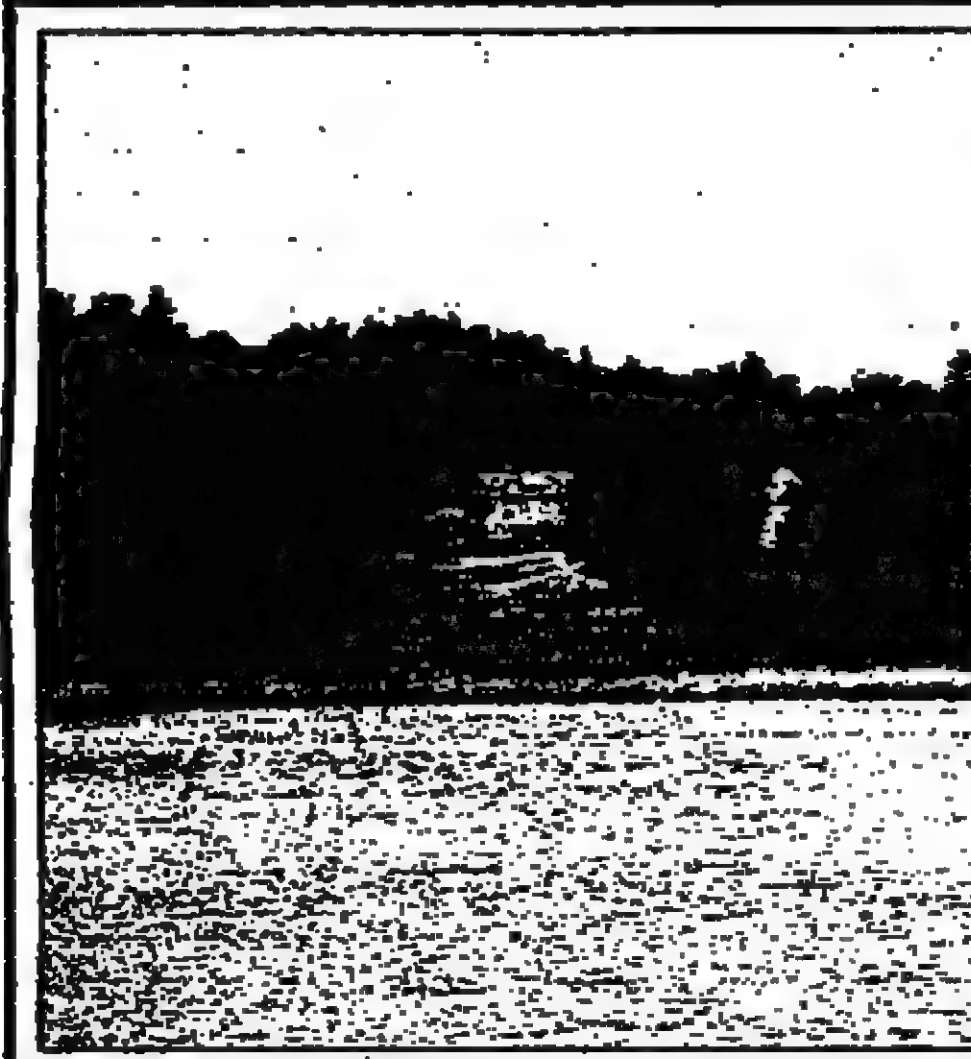
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**An imposing Grade II listed house  
set in beautiful grounds**

3 reception rooms, master bedroom suite, 6 further bedrooms,  
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overlooking a loch**

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**A fine sporting estate  
with leisure and  
development  
potential**

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5-6 bedroom 17th century farmhouse.  
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further cottages. Barns with planning consent for  
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18th fairway of the east course**

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guest bedroom suite, 4 further bedrooms, further bathroom.  
2 bedroom staff flat. Heated swimming pool with pool house. Double garage.  
Beautiful mature gardens with stream and wooded grounds.

**About 3 acres**

Apply: Ascot (0890) 24732 or London 071-629 8171 (JAM/103000)



**Surrey**

Wentworth. Ascot 2 miles. Windsor 6 miles. London 28 miles.

**An imposing house surrounded by  
attractive grounds in the heart of the  
Wentworth estate**

4 reception rooms, master bedroom suite and dressing room.  
5 further bedrooms and 6 further bathrooms. 2 bedroom staff cottage.  
Chauffeurs flat. Garaging for 6 cars. Heated swimming pool. Hard tennis court.  
Landscaped gardens and woodland.

**About 11 acres**

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Garaging for 4 cars. Mature gardens.

**About 1 acre**

Apply: Ascot (0890) 24732 or London 071-629 8171 (JAM/103000)



**Kent**

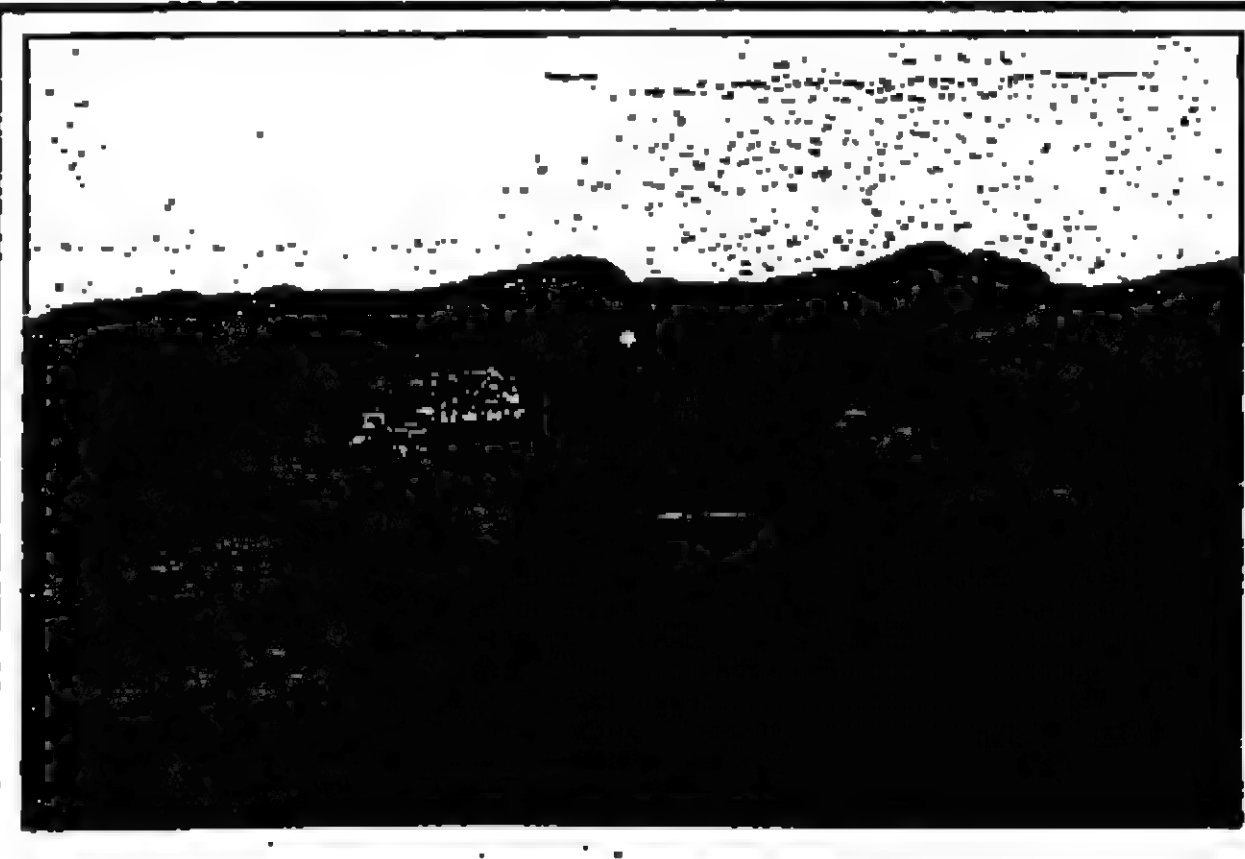
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**About 3/4 acre**

Apply: Tunbridge Wells (0892) 515035 (GDS/104120)



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**About 2 1/4 acres**

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Georgian townhouse within one of  
Britain's finest 18th Century  
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## PROPERTY

# Surprises in store in south-west France

A house in the country across the Channel is not without its problems, writes Michael Delahaye

**E**VEN TWO years on, it's the little things that give the greatest pleasure. Like the entry sign above the main gate to our walled village which says *surprise* - residents only. Childish it may be, but every time I exercise my *droit d'entrée* I still get a buzz of belonging - of privilege.

Our intermittent occupation of a small corner of south-west France, although happily free of shocks, has not been without its surprises.

The first came at Christmas 1988 when we discovered that even as far south as Bordeaux, well below the so-called dew line, it can be freezing cold - *sachement* freezing, in fact. Unloading the car, we com-

forted ourselves with the recollection that every room had an electric convactor heater. On they all went and 10 seconds later, they went off.

Only after this performance had been repeated half a dozen times with metronomic regularity did a helpful neighbour explain the principle of *la puissance*. Since the supply of electricity to some country areas is limited, many houses in France have maximum loadings. Ours, it turned out, was 5kW. A higher rating could be effected with a twist of the official screwdriver but we would pay more on the standing charge. It would cost another 250 pounds a year to go up a single notch to 12kW. We did our sums and changed the

heating to a couple of propane-powered Daleks, which have proved cheap and efficient.

Metered water gives you the same sobering insight into use and cost. Standing in the garden with a hose, you are uncomfortably aware of spraying fire-fret pieces over the back patch. Combine that with thoughts of the rising level in the nearby sewage tank, which the municipal gulper has to be paid to empty because it is non-septic, and you wonder whether there might be the makings here of some self-funding solution.

It's surprising just how small-minded you can become. Exhaling guests not to leave tape-drying may be acceptable, but quizzing their children as to about whether they really need to go to the lavatory again can strain even the closest friendship.

Against all this must be set the low community taxes, the *foncié* and the *habitation*, which together amount to 2,600 a year for our three-bedroom house. The French Government, locals tell us, once considered a British-style poll tax but, having seen the results on television, shelved the idea - there's something to be said for having your revolution early! Our house was rebuilt 30 years ago and so has required only minor attention from the local craftsmen. Whereas our experience in this respect has been generally good, occasionally excellent, plumbers are the exception, for a good French plumber is as rare as a good English waiter.

Ours confessed himself to be more of a philosopher - which may explain why his ability to fit one piece of plastic piping into another fell somewhat short of his aptitude regarding the human condition.

As a result a job, which in the UK I would have tackled myself over a weekend, took four days and threatened to bankrupt us. In the end, quoting Flaubert's dictum that "a work of art is never finished, only abandoned," I told him that his time was too valuable to be lavished on us and completed the job myself. For any-



Barratt project: an artist's impression of the new area of Antibes les Pins where about 200 permanent and leisure apartments are being built

## Barratt thinks big on southern schemes

BRITISH house builder Barratt is mounting an onslaught on the French market aimed at local buyers and foreign holiday home seekers.

Since establishing a French subsidiary last year, based at Aix-en-Provence, Barratt has been taking options on a number of sites in the south. Its first project is Les Corniches d'Antibes les Pins, a pedestrianised development of about 200 apartments near

Juan-les Pins on the Côte d'Azur. Sales have started, although it will not be completed until the end of next year. Buyers at Les Corniches are promised views over courtyards, fountains and tree-lined boulevards, at prices from 250,000 for a studio to 1,800,000 for a three-bedroom apartment. The scheme is a joint venture with a Paris-based company, Les Nouveaux Constructeurs. It is a link

between Barratt chairman John Swanson says was established through Barratt's operation in California.

The development is part of a larger plan, initially for 1,000 apartments, being built by other contractors in what is a growing sea-front area, Antibes les Pins.

There will be a mixture of permanent and leisure homes in the development, 20 minutes drive from Nice international airport. A sandy

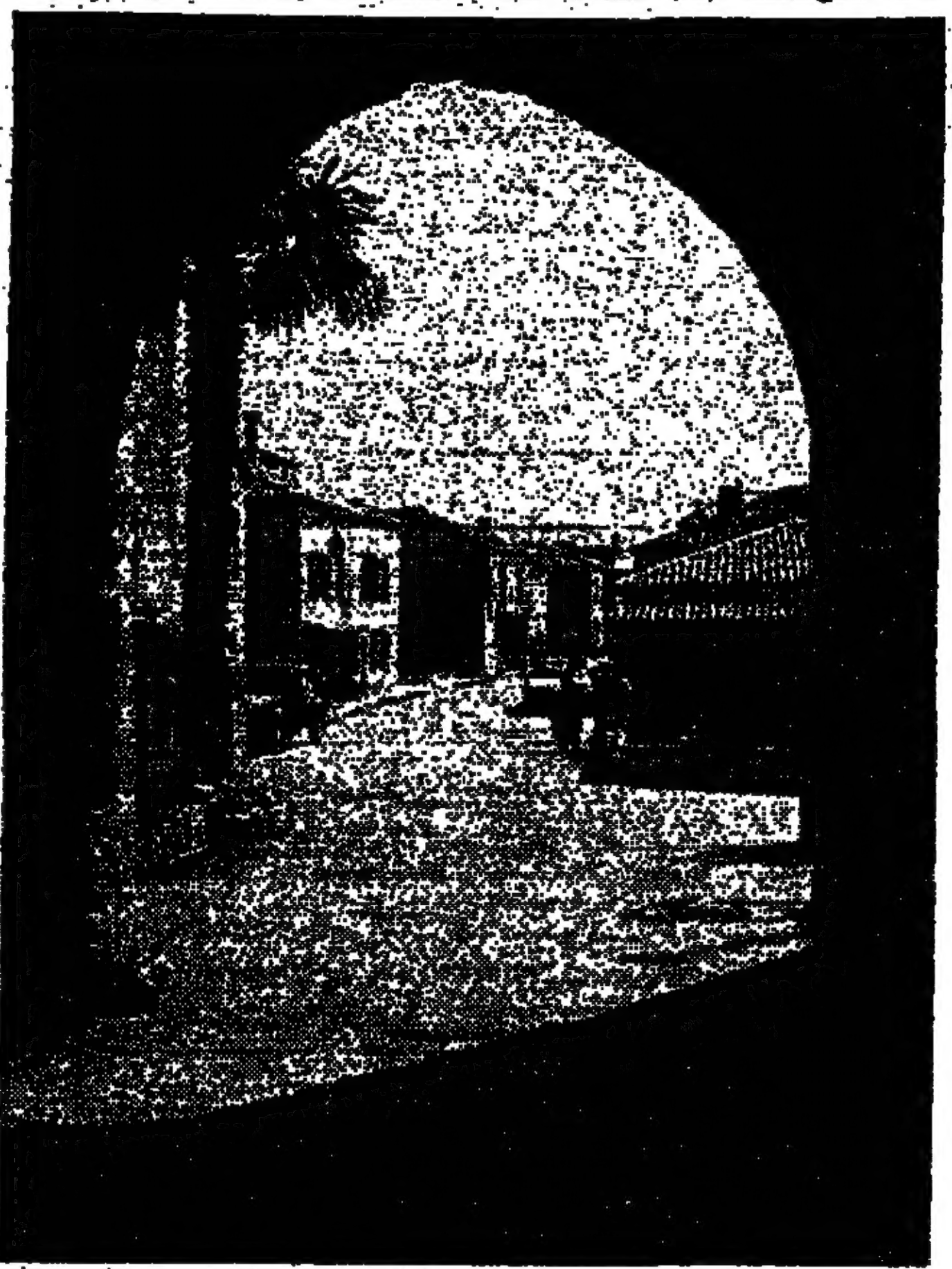
beach and promenade are being created. There will be swimming pools and a shady park for hot summer days and boutiques, bistros and markets open throughout the year.

Other projects which Barratt has lined-up in France include 50 villas at Cagnes sur Mer with views ranging from Cap Ferrat to Cap d'Antibes. Another site, in the hills near Valbonne, 25 minutes from Nice, is earmarked for 50 bungalows.

Two more projects are planned near Aix-en-Provence: a large family housing scheme in a village near Aix, and 15 villas, built around a fountain to create a village atmosphere, at Ventabren, a commuter town for Aix.

Details from Barratt France, at Aix-en-Provence (tel 010-33-49-930278) or Barratt Developments, at Newcastle upon Tyne (tel 091-286-6311).

Audrey Powell



Rural idyll: not without problems in an isolated village

body thinking of buying in France, a night-school course in plumbing is strongly recommended.

The fact of not being around for most of the year can be a worry. Not on account of security - a leaf doesn't fall in our village without somebody noting it. But television reports of gales lashing southern France bring to mind images of roof tiles flying in formation across the valley. You learn by experience - for example, when closing the shutters to always leave one window open to ventilate the house.

On the social side, the degree of acceptance by the locals is perhaps for them rather than us to judge. As the first English to own property within the village walls, we were initially treated with the sort of courteous curiosity that might be accorded Venusians landing - on London's Hampstead Heath.

The mayor gave us a well-rehearsed homily on the theme of "what you get out of community life depends on what you put in." However, our experience has been that the most effective

bridge-builders are children. Having none of the inhibitions of their elders, they carry you over the threshold from introduction to intimacy far more quickly than any offer to disrupt the local boules tournament.

But the surest key to acceptance is the one which, amid the novelty of your new acquisition, you are most likely to overlook. To speak the language with reasonable fluency of the people you have forced yourself upon as a common courtesy. Yet, as we can testify, it is all too easy to

reach a level of mere competence and then rest on your vowels. Only now, after two years of getting by on A-level Franglais, are we sitting down with the tapes and grammar books.

Already it's paying dividends. On our last visit I was approached by the local historian. There was a matter of some delicacy on which the village required my help. Despite exhaustive searches through French archives, he explained, no trace could be found of any records relating to the village prior to the

seventeenth century. There could be only one explanation: they had been removed from France, and only one culprit - the nation which for some 300 years from the time of Henry Plantagenet on, had ruled Aquitaine. Would I be kind enough, therefore, to ask Henry's successor in Windsor Castle to furnish the village with photocopies? I promised to do my best, with the assistance of the Public Record Office. Much may hang upon it. The Legion d'honneur, I am told, has been awarded for less...

FRANCE

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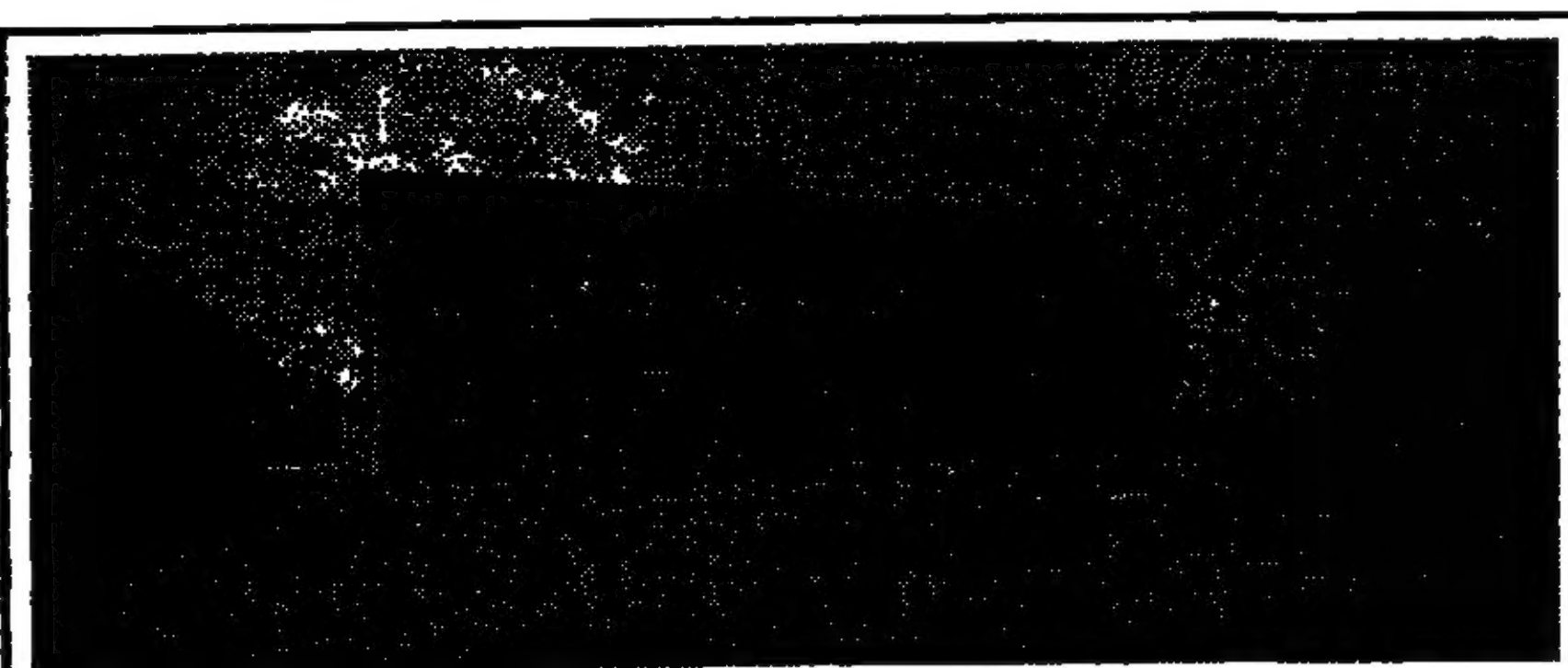
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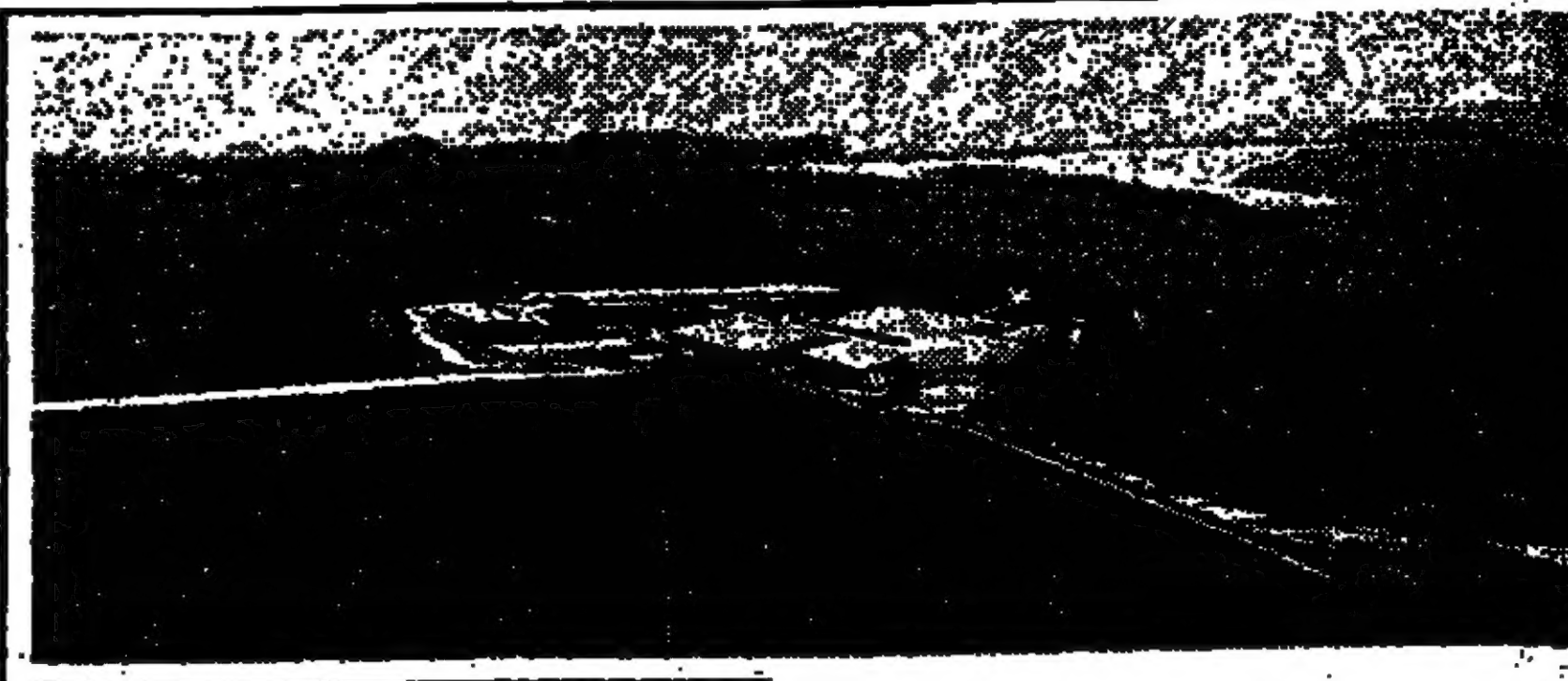


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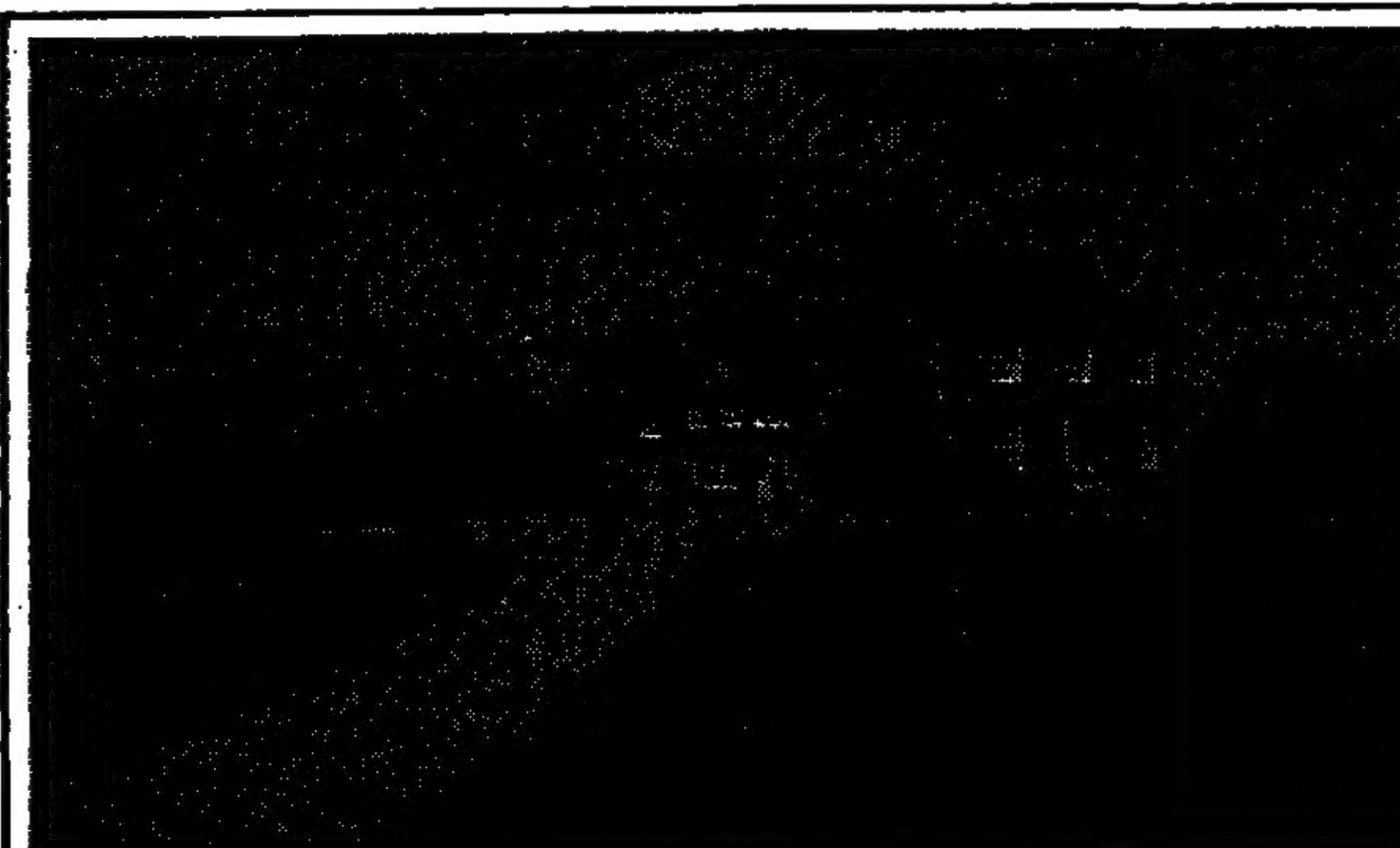
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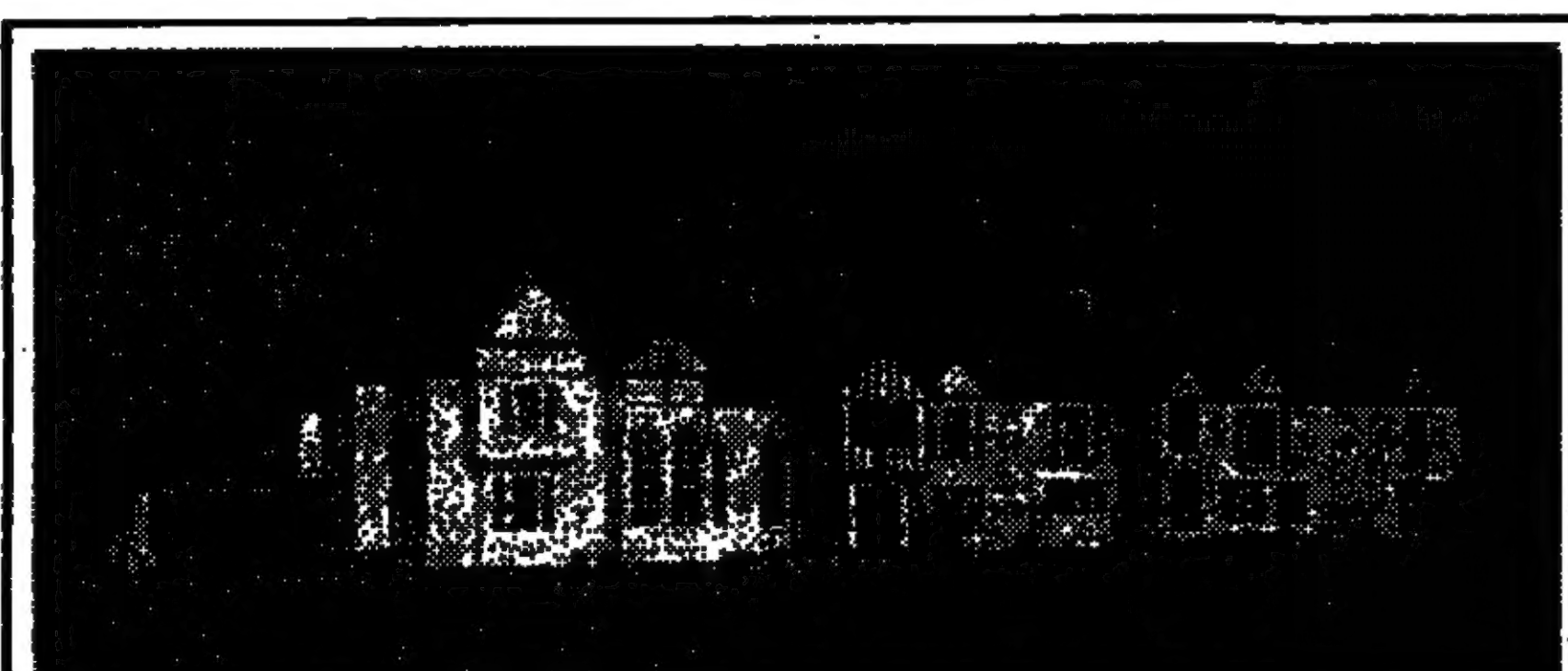
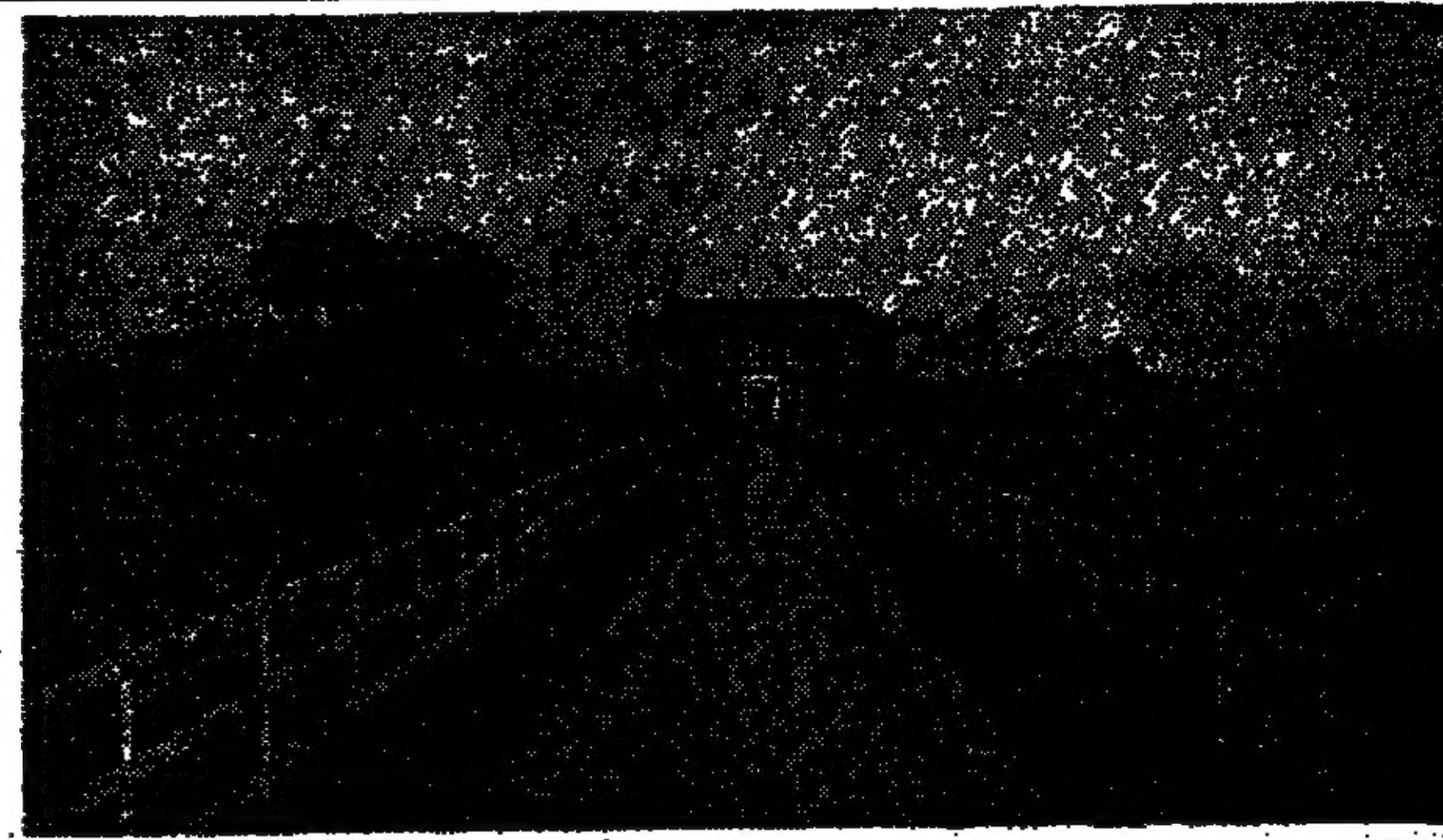
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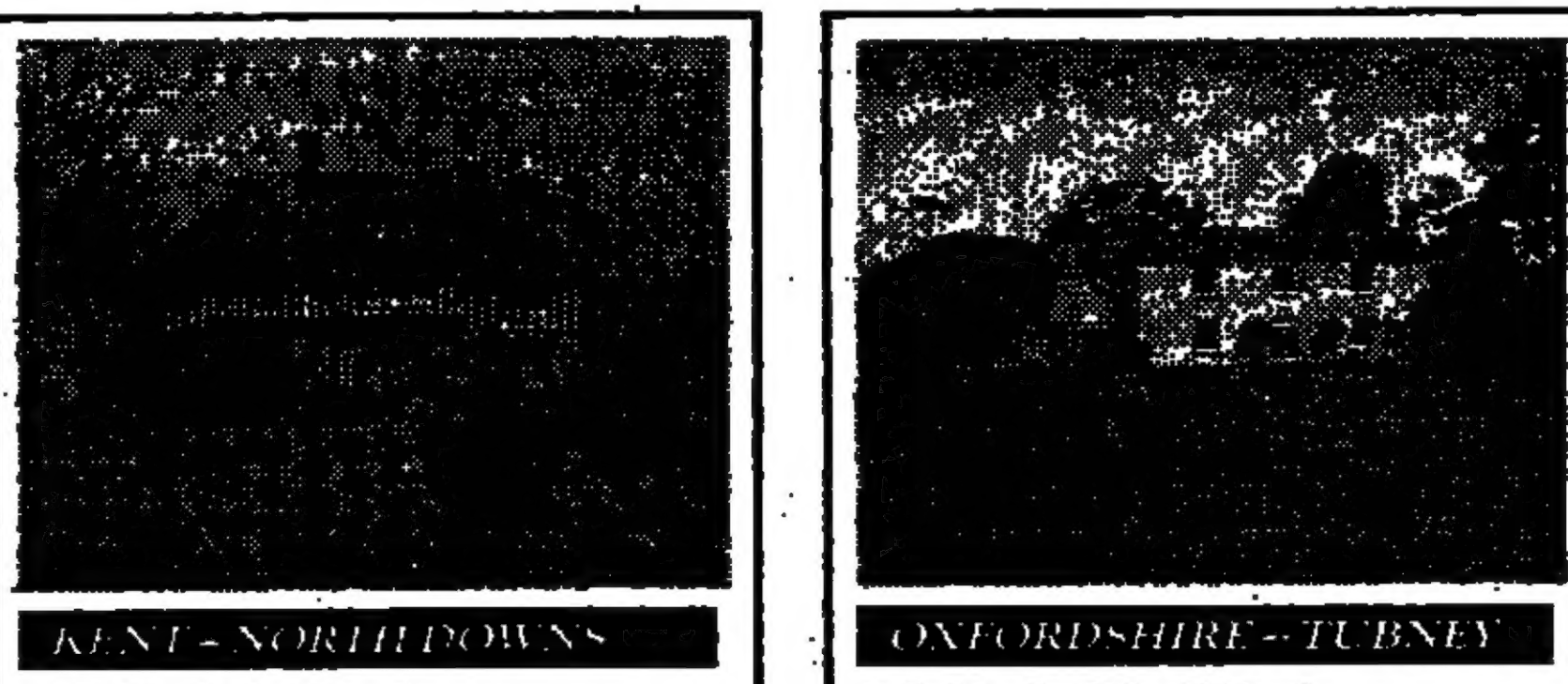


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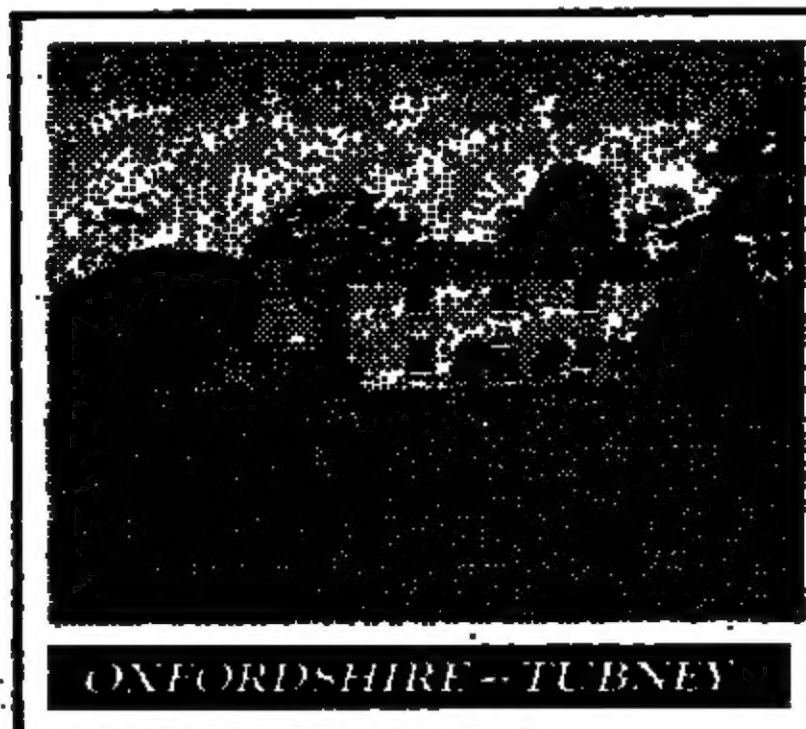
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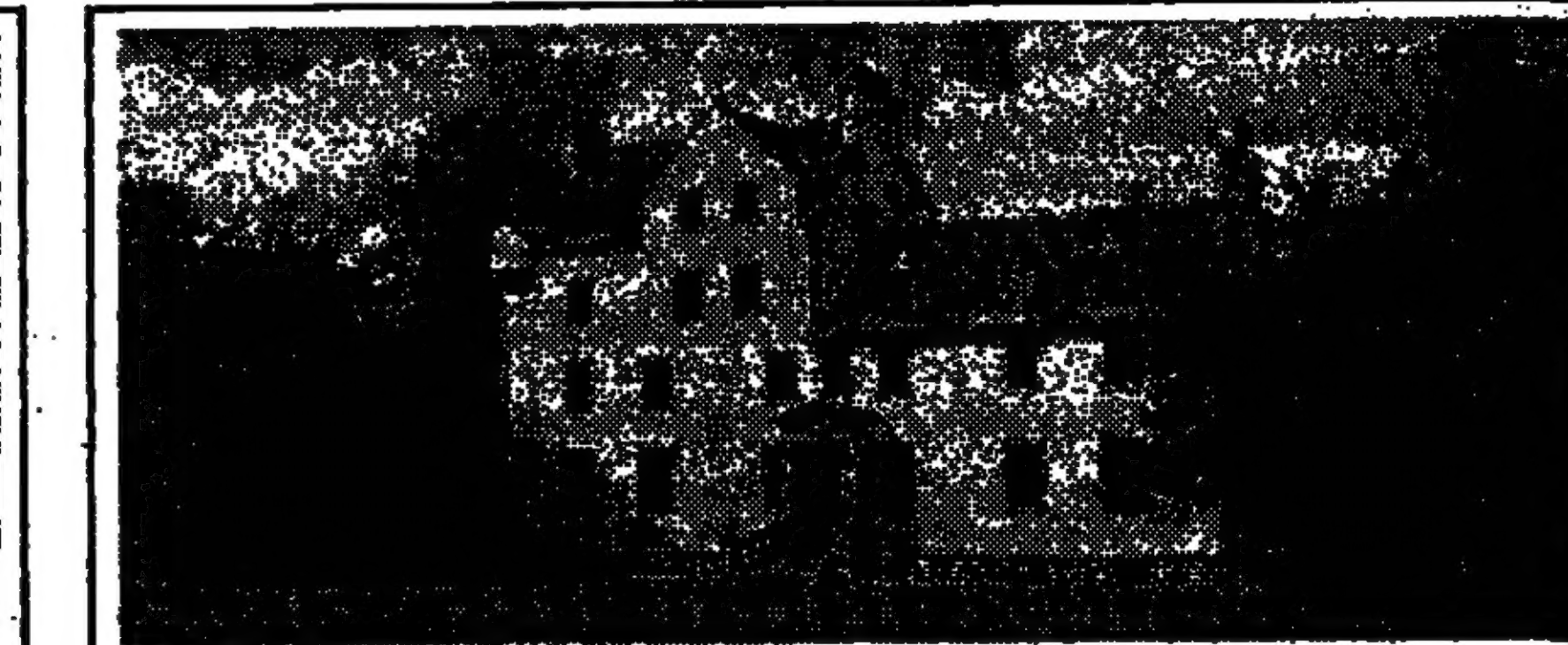
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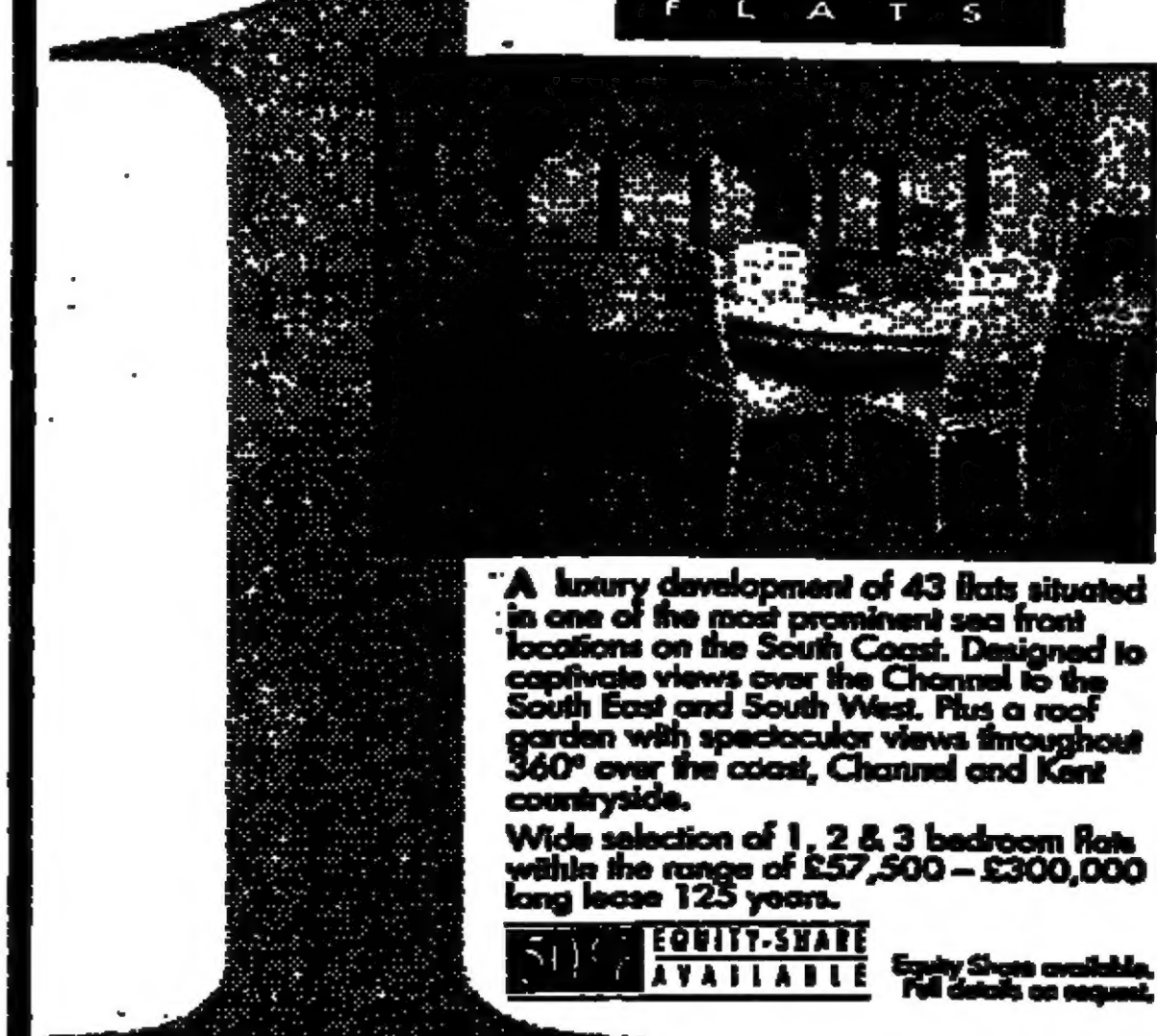
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## GARDENING

## Pruning: unkindest cuts work best

**A**LTHOUGH the season for Britain's old-fashioned roses is about to end, I would like to enlarge on the hard pruning techniques, especially for bushes, to which I alluded two weeks ago.

First, which of the old varieties, if any, have a second season? Books and catalogues are widely optimistic. They still list all sorts of old roses as if they are "perpetual" or "recurrent," when most gardeners will find that they are neither.

In self-defence, it is argued that much depends on feeding, pruning and the nature of the season. So be it, but you and I want to know which second seasons are significant and dependable. Among old roses, the answer is almost none, unless you include Musk roses and some of the China varieties — the plain old China flowers every month, albeit in a harsh shade of pink.

As a small China rose for any garden, I have come to like the white-flowered *Irrepressible* which is about two feet high. Elsewhere, I have two particular tips. Among striped roses, the only real hope of a second season lies with *Ferdinand Richier*, although you cannot rely on it. Among the pink varieties, the best bets are two varieties on the borders of the Portland and Damask group, *Comte de Chambord* and *Madame de France*, both of which have a second season.

Peter Beales, of Littleborough, Norfolk, sells this admirable pink rose which has quilted heads of flower, like large buttons on a sofa. It stops at about three feet and is an ideal old-fashioned rose for any garden with limited space. It repeats its season in all weather. If it sulks in the autumn you must blame your gardening, not its temper.

Strong views run in my family as for the training and pruning. In the past 15 years my eldest brother has built up a notable garden, including older roses, near New-

bury, Berkshire. There was a time when he looked on his younger brother's early gardening as an eccentricity; not so nowadays. He and I spent an evening looking into the results of his long-term training at the peak of the season, before the week-end's rain spoiled the flowers. We concluded that almost every old-fashioned rose of bush shape is better displayed if it is fixed around a cage of iron supports.

Iron rods are my brother's firm advice. Wooden posts, which I have been using, will eventually rot and cause problems.

You need to run in four iron rods to make a square with sides about three feet

**Old roses can be dependable and attractive features, writes Robin Lane Fox**

long. They should stand between five feet and seven feet high, depending on the height of the variety of rose. In windy positions you need to fix supporting pegs to the base of the rods to hold them steady.

Some varieties, especially *Isabel* and *Mme Pierre Oger*, can be trained straight around the frame without wire when the effect is even better. Others which throw out fewer long shoots will need plain wire trained around the rods at intervals to make a cage.

Planting one old rose bush in the middle, you trim the shoots around the iron frame as they develop, tying them in, pulling them down and showing them no mercy at any moment after flowering.

We agreed that the next year's flowers do not suffer if you cut out a few of the excessively long shoots at any season after flowering. The main training and tying take place in the closed winter season. After 15 years, Lane Fox major has made

old roses into a cocoon in which their branches overlap and do all the things which the pruning manuals deplore. Some of them show bare branches on their lower regions but otherwise the results are sensational.

Without supports, old-fashioned roses are usually grown in thickets or allowed to flop. Thickets are all very well — I have started one — but they are hellish for the person who has to weed underneath (any volunteers?), and they do not show the flowers to the best advantage.

In borders, unsupported old roses will let their branches fall sideways on to the ground, so that many of the flowers are spoiled and invisible. The supreme merit of a frame is that it allows every flower to be seen and a single bush can become a spectacle. Training is actually rather fun.

Beyond a certain size, there is no need to untie the past and begin from scratch, picking up years of loose ends. My brother's roses have not been dismantled, except in a very few cases of serious misbehaviour.

Which forms the best? The best of all the pink old roses is *Fantini Latour*, which is the perfect commemoration for the rose's greatest painter. On iron rods, it is particularly beautiful because all the flat, open flowers are in view and the branches are not weighed down.

Other excellent favourites include *La Noblesse*, *Junio*, or the big striped *Variegata di Bologna* (which sounds like a rose's greatest painter). On iron rods, it is particularly beautiful because all the flat, open flowers are in view and the branches are not weighed down.

We thought *Henri Martin* was among the best of the dark colours. It is not the best-known crimson Moss rose, but it loves life on a frame and has the great virtue of not dying while buds are still opening.

Its effect is not marred by its own dead heads. The expert books on old roses are very unhelpful about this vice, which spoils many others of the dark red forms. I see that Peter Beales is also keen on this

variety. He calls it "well worth growing for the sheer quantity of flowers produced." On an iron frame, you can only agree with him.

Among the pinks, the flat-flowered *La Ville de Bruxelles* is unimaginably prettier than its modern namesake. It has the upright shape which is well suited to the iron rod method.

Among the whites, most interestingly, we picked on *Mme Legras de St Germain* (who could resist a name with that hint of a fat, comfortable marriage in a highly-select urban quarter with plenty of spare time in the afternoon?) What impressed me about this rose was its volume of leaf and flower, right down to the base, after 15 years on a frame. I have always been a fan of this variety, so much so that on her frame I did not recognise her. She has three great virtues: greyish-green leaves; a willingness to climb (try her on a wall) and very few thorns indeed. She is, therefore, a trainer's dream.

One postscript, from Lane Fox junior. You can do the same on a small scale to the best break among modern roses, the yellow-flowered *Graham Thomas* which David Austin, of Wolverhampton, launched a few years ago. You can also do it to *Rose Financial Times*, whose heavy flowers are better on a small climbing frame.

So there you are: a pink, a white, a yellow and crimson, all for framing and merciless training. I am convinced of one obvious conclusion. We have all been so brainwashed by plantings of twiggy bush roses in large numbers in parks, on roundabouts or in Queen Mary's awful London Rose Garden.

Old roses deserve to be treated as distinguished individuals or as features in a border in their own right. One plant goes a very long way and even if the thorns catch you out in mid-winter, respect their supreme FT virtue, they are much more civilised and a lot cheaper than the roses in other people's public spaces.



Kevin Rush, second gardener at Martin Lane Fox's garden, with some old roses

## Self-sown seedlings grab a head start in life

**A**ROW of antirrhinums are growing against my house, tucked into the almost imperceptible crevice between the asphalt surface of the yard and the wall. I did not plant them there, seed from antirrhinums which were growing in a nearby tub last year must have lodged in this well-protected place, germinated and somehow found themselves roofed.

It must have been difficult because the asphalt is spread over rock, but self-sown seedlings can do this kind of thing since they choose their own time, go their own pace and gradually insinuate themselves into the smallest cracks.

I dare say far more die than live, but that troubles me none since it all happens unnoticed. Weeds, of course, are terribly good at this kind of thing which is why simazine, which prevents seeds germinating, is such a success as a herbicide for paths and paved areas. If I had sprayed my yard once or twice a year with simazine I would have had no antirrhinums to give me unexpected colour. But I never use any seed repressants since I delight in seedlings that turn up of their own accord, even though most of them are worthless and, in the end, have to be destroyed.

However, I usually get quite a lot that I am glad to have. I did not expect the antirrhinums because I would have thought the place too barren for them. I do expect to get quite a few red valerians, as well as the white-flowered variety, because they will luxuriantly grow completely out of touch with the soil — even on top of a stone wall.

Wallflowers are very good at this kind of thing. This is, of course, why they got their popular name. They often survive for years in a stony place where they have become established by self-seeding. In more fertile surroundings they are treated as biennials.

It is always the lush growth that suffers most from cold which is why one must never feed hardy plants with anything containing nitrogen after mid-August. That rule applies even to lawn grass, but phosphates and potash may be useful to help growth become tough and winter hardy.

The antirrhinums which have broken into my asphalt yard will get no assistance except that I shall try to keep them free of competition. With a little bit of luck, they

will still be there next year and maybe the year after that for, although gardeners treat them as if they were annuals, that is only because it is convenient to do so. In these spartan conditions they have chosen for themselves, and with the warmth stored in the house wall and the foundation rock, they will not have to endure anything like as much cold as plants growing in well-cultivated flower beds out in the open.

The common purple buddleia is very good at seeding itself into seemingly impossible places — even into the sides of chalk pits and stone quarries — and there are plenty of smaller plants, such as the stonecrops (*sedum*) and thrifts (*armeria*) that specialise in this

kind of thing. Some self-sown seedlings are so precious that every effort must be made to preserve them. This is why there are some parts of my garden which no-one is allowed to weed but me. Top of this list are hardy cyclamen and lilies of all kinds because this is by far the surest way to get them to establish themselves.

They seem to have a knack of finding the right places in which to germinate. No doubt the prosaic explanation is that only the successful ones survive, but it is pleasant to spin myths about plants seeking out the most favourable places.

What is certain is that some of my best lilies and cyclamen are growing in parts of the garden in which I would never have thought

to plant them: sometimes in places I find a little inconvenient. But in my list of priorities, plants come before design which, of course, is folly to designers.

I once asked a very successful gardener what she did when one of her carefully considered-plant compositions proved unsatisfactory and she replied that she dug up those plants that did not fit and burnt them. I marvelled at her hard-headedness.

Cyclamen and lily seedlings are not too difficult to spot because, although small, they do not look much like anything else. However, one must be on hands and knees to spot them and have nothing more lethal in one's hands than a trowel or a small hoe. Other seedlings can

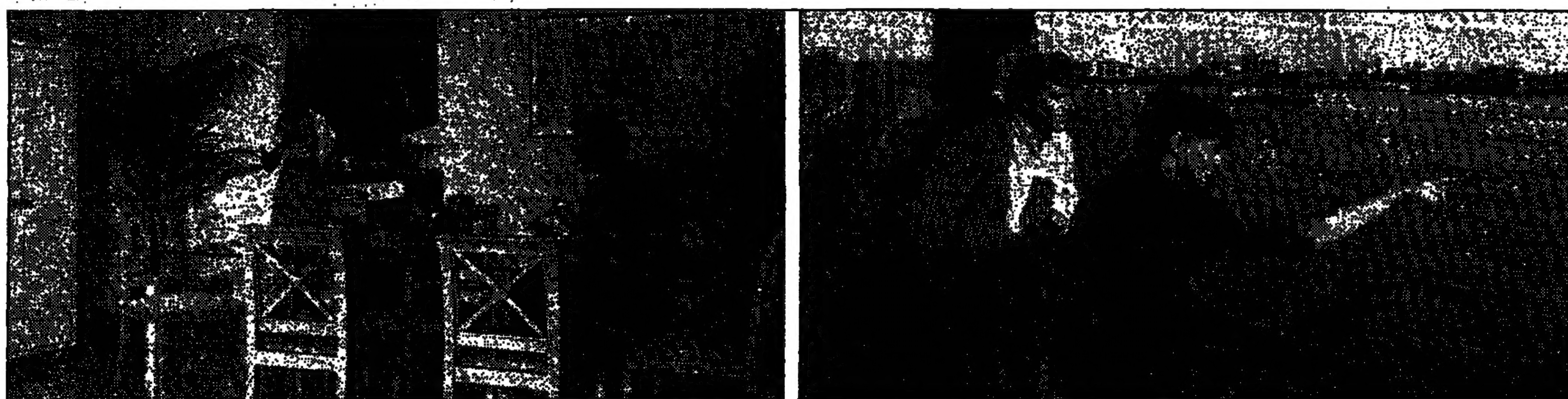
be far more difficult to recognise, and I am constantly debating with myself whether a particular newcomer is a friend or a foe.

I find snowdrops in the early stages difficult to distinguish from some onions. And of course onions themselves, which are legion some beautiful, a few obnoxious — are very difficult to distinguish from each other. I can offer no advice about this. It is like recognising people in a crowd; the more you try to explain the more confusing it gets.

One learns by looking and by waiting if necessary for the seedlings to get bigger and more easily identifiable. But if one is harbouring an enemy, it must be despatched before it gets a chance to fill the garden with another generation of its offspring.

Arthur Hellyer

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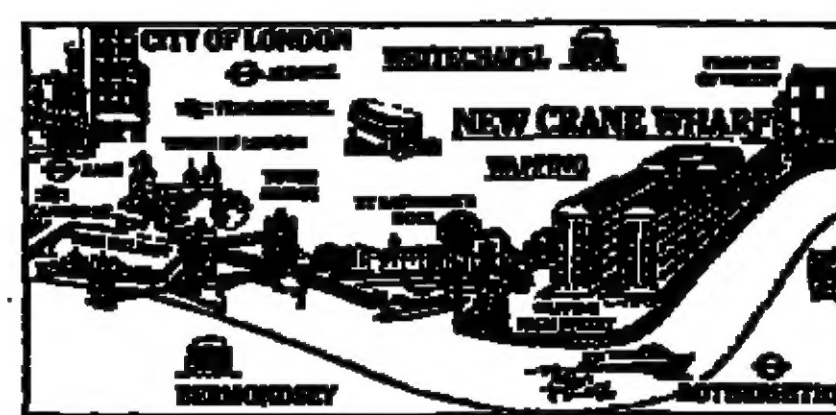
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